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INTERNATIONAL CTIUITE

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PARIS, FRIDAY, NOVEMBER 4, 1988

# President Maumoon Abdul

Gayoom, whose island nation

It said the planes would go into

service next year on transcontinen-

tal and other long-distance routes.

built airliners. However, it used a

ehartered McDonnell Douglas

DC-8 for one year — until August — on trans-Atlantic flights.

worst air disaster in Polish history.

In May 1987, a Soviet-built IL-62M crashed near Warsaw, killing

all 183 people on board.

New York

The decision to use planes made

LOT's fleet is made up of Soviet-

was attacked on Thursday.

# Polish Line to Lease U.S. High-Tech Jets

WARSAW - The Polish state airline, LOT, will lease three widebodied Boeing aircraft, the official news agency said Thursday, in what is expected to be the first delivery of U.S.-made high-tech-nology jetliners to the Soviet bloc. A report by the PAP news agen-

cy did not specify the type of air-craft involved, but Boeing Co. re-ceived permission in June from the Coordinating Committee for Multilateral Export Controls to deliver k-born queen who my hap to six 767 jets to Poland and

Airlines in Eastern-bloc countries, including Poland, Romania, Hungary and East Germany, have shown increasing interest in Western jetliners in recent months. The Western planes are quieter and more fuel-efficient than the Soviet aircraft currently available, and the next generation of Soviet passenger planes is intlikely to be ready until sometime in the early 1990s.

"The prime minister has approved LOT's plan to lease three wide-body aircraft of the Boeing type and authorized the minister to issue a formal permit, PAP quoted. the official press office as saying.

### Kiosk

### **UN Approves** Cambodia Plan

UNITED NATIONS, New York (Reuters) - The UN General Assembly ealled Thursday for the withdrawal under international supervision of all foreign forces from Cambodia which has been ruled by a Vietnamese-backed government since 1979.

The resolution, adopted by a vote of 122 to 19, with 13 abstentions, also called for the creation of an interim administering authority and promotion of national reconciliation among all Cambodians under Prince Norodom, Sihanouk,

the exiled leader. Meanwhile Prime Minister Hun Sen of Cambodia arrived in Paris on Thursday for peace talks with Prince Sihanouk and Son Sann, who is prime minister in a three-party coalition recognized by the United Nations as the legitimate government. Three days of talks are to begin Saturday.



Business/Finance RJR Nabisco management said it would offer nearly \$21 billion in cash and securines for the company. Page 13.

Dow Close The Dollar DM 1,7783 Pound 1 7778 Yen 124.575

# Erupts in **Maldives**

# India Is Reported To Send Troops To Prevent Coup

By Sanjoy Hazarika

New York Times Service NEW DELHI — India was reported Thursday night to have sent hundreds of troops to the tiny Indi-an Ocean republic of Maldives to crush an attempted coup against President Maumoon Abdul Gayoom by dozens of attackers described as Tamil-speaking merce-

The report followed a day of fighting in the capital, Male, be-tween the attackers and government troops. It was unclear late Thursday who or which group was in control and whether the intruders belonged to a specific group. [A Maldivian police official said

that Indian paratroopers were being deployed in Male, and a security official said that some mercenaries had fled by boat. The Associated Press reported from Colombo, the Sri Lankan capital. The security official said that he saw Indian troops in Male but that he did not know what happened to the remaining mercenaries,

in the United States follows the A senior Sri Lankan government official said that at least 12 persons were killed and 22 wounded when about 150 mercenaries attacked Male, a city of 55,000 people, before dawn Thursday.]

Jerzy Wojdylo, a spokesman for LOT, declined to give details of the The Press Trust of India, a news agency, said the decision to send deal with Boeing, saying an official announcement would be made on 1.600 Indian troops was made at a Friday. Boeing officials also demeeting between Prime Minister clined to comment, deferring ques-Rajiv Gandhi and cabinet minis-

tions until the announcement in Simultaneously, Indian warships Industry sources said 767s sell were to move toward Maldives, the for \$50 million to \$70 million each, Press Trust said. It said the troops would be supported by tanks.

depending on the model. The 767 is a twin turbofan com-mercial jet that can carry up to 216

Other news reports said 25 per-sons were killed and about 100 were wounded in the fighting, passengers. The planes are considered to be up to 40 percent more which erupted between the intrudfuel-efficient than the previous ers, who arrived on two ships, and generation of Western aircraft and local soldiers. The attackers comply with stringent U.S. noise stormed the presidential palace and control restrictions. They also con-tain state-of-the-art flight control several government buildings and installations, including the airport and the television and radio sta-

Last summer, Boeing and three tions. ing about 2,000 bostages, including two cabinet ministers, and threatufacturers — McDonnell Douglas Co., British Aerospace PLC and ened to kill them if Mr. Gayoom Airbus Industrie — were granted permission by COCOM to sell did not surrender his 10-year rule of the string of coral islands.

new-generation commercial jets to Diplomats in New Delhi and in Eastern bloc countries. The Paris-based organization regulates West-Colombo said in interviews that the attackers spoke several languages, ern strategic exports to Commuincluding Tamil and Sinhalese. At the time a Boeing spokesman, Bill Clark, said Boeing boped to sell three 767s to LOT and two 767s to This fueled speculation that anti-Indian extremist groups from both ethnic groups in Sri Lanka were involved. Tarom of Romania. He said there also bad been discussions with Ma-

The attack was the third attempt to overthrow Mr. Gaycom, who is 48 and has ruled this chain of atolls East Germany.

Another Boeing spokesman,
John Wheeler, said Thursday that with 1,087 islands since 1978. Mr. Gayoom won his third successive election in September. He was to

See COUP, Page 4



by President Chadli Bendjedid to liberalize the economy and loosen one-party control. Page 2.

# **Shamir Pledges** No Big Changes

# He Vows to Resist Demands From Partners in Coalition

By Jim Hoagland and Glenn Frankel

Hashington Post Service
JERUSALEM — Prime Minister Yitzhak Shamir said Thursday that despite demands from potenual coalition partners for changes. his new government would not make any radical departures from Israel's past policies in pursuit of Middle East peace or in religious

Mr. Shamir's remarks appeared intended to reassure Western leaders and overseas Jewry following Tuesday's election, which put his right-of-center Likud bloc in the eading position to form the next government.

He continued hargaining Thursday with four small ultra-Orthodox religious parties and rightist parties that emerged from the election with new power in the Knesset, the is-

raeli parliament. While ruling out Israel's participation in an international peace conference, the Israeli prime minister insisted that a new government would pursue a negotiated settle-ment along the lines laid down by the 1979 Camp David accords despite the opposition of his likely coalition partners from the far

We will be the main factor in this coalition, and we have made it clear to all potential partners that we are committed to the Camp David accords and we will not change our positioo in this regard, the prime minister said in an interview with The Washington Post, his first since his Likud bloc won a narrow victory over the rival Labor Party in the parliamentary elections.

"It is not a setback to peace." he insisted. "There is not any change."

"We have a mandate from our people to get peace," he added, "and we consider this mandate

verv seriously. Mr. Shamir also sought to reassure Israeli and American Jews who might be alarmed by the pros-pect of a large bloc of religious parties in the new government that he would not yield to demands for major new restrictions on religious

He specifically rejected the ultra-Orthodox demand that he move

A cause is gaining popularity in Israel: Expel the Arab population from occupied territories. Page 4.

beyond Likud's traditional position of providing only limited suppon for changes in the law governing Jewish conversions, a major point of controversy between Isra-el's Orthodox religious establisbment and most American Jews.

Appearing tired but confident, Mr. Sbamir made it clear that despite the thin margin of Likud's lead in Knesset seats over Labor be was sure that only he could form a new government

He would not explicitly rule out another attempt to form a national unity government with the Labor leader, Shimon Peres, if his efforts with the rightist and religious parties failed, but he said he did not see such a government as "a realisuc option" as long as Mr. Peres pressed for Israel's participation in an international conference. Mr. Peres also identified the in-

ternational conference as a barrier to renewing the arrangement under which Labor and Likud shared

See ISRAEL, Page 4

# For Spanish Socialists, One Crisis Begets Another

By Paul Delaney

New York Times Service MADRID - For the Spanish government, life these days is one crisis after es good news turns out to be bad.

Already under criticism and even investigation on various charges - police corruption, cover-ups, obstruction of justice, influence peddling, catering to the rich, failing to reduce unemployment as the economy surges and simple mismanagement - the Socialist government was embarrassed to discover that the director of state television had charged a \$25,000 wardrobe to the public treasury.

The good news: A millionaire real estate developer kidnapped eight months ago has been released by ETA, the Basque separatist organization that has killed more than 750 people in a 20-year struggle for an

Now, bowever, the government is under beavy criticism because the police, after an extensive hunt for the 60-year-old busi-

the case and catch the kidnappers before they made off with as much as \$12 million in ransom money. The money represents a badly needed infusion of funds for ETA, whose initials stand for Basque Homeland and Liberty in the Basque language.

As if 10 rub it in, the kidnappers released Mr. Revilla within sight of his apartment. For months, the police conducted raids and put up readblocks with no success. Yet, the police in France were twice able to intercept ransom payments totaling \$7.4 million believed bound for the kidnappers.

"The long kidnapping has shown incredible weaknesses in police intelligence and investigation," the daily paper El Pais said in an editorial, adding that it was only natural for the family to want to pay the

As it has encountered one tempest after another this year, the government has come in for criticism even from some Socialist officials as well as opposition parties and the public. The government's survival

nessman, Emiliano Revilla, failed to solve is due in large part to infighting among the

The luck includes no strong opposition. Two years after his "irrevocable" resignation as the main opposition leader. Manuel Fraea Iribarne announced a few days ago that he would seek his old post as president of the rightist Popular Alliance.

In a dramatic confrontation, Mr. Fraga, who founded the party in 1976, demanded that his successor, Antonio Hernandez Mancha, step down. Mr. Hernández Mancha, who became president with Mr. Fra-

ga's support, refused.

The decision by the 66-year-old Mr.
Fraga, who was a minister under Franco, has thrown the party into further disarray. He founded the Popular Alliance after Franco's death and led it until he resigned in November 1986 after a series of election setbacks. At the time, Mr. Hernandez Mancha, 37, was a little-known, politically inexperienced lawyer from Seville.

Since then, the fortunes of the party and rightist opposition.

"We're just lucky." an official answered mandez Mancha has been mable to turn them into winners or attract coalition partwhen asked how the Socialists continued to them into winners or attract coalition partners from the political center, Mr. Fraga said that at the beliest of many in the party, he will challenge Mr. Hernández Mancha at the party's congress in January.

"I believe I had to abide by this democratic wish, which I think comes from the majority," Mr. Fraga said.

Fighting back, Mr. Hernandez Mancha warned that such a challenge would be divisive, that the Popular Alliance must avoid a split between older and newer generations and must break with the past, alluding to his predecessor's links to Fran-

But several party leaders promptly backed Mr. Fraga, and the vice president, a Fraga supponer, resigned. The prevailing belief is that Mr. Fraga will be an easy

"There will be a huge swing toward See SPAIN, Page 4

# In Kenya, a Poaching Frenzy

Nairobi Nauonal Park.

Poaching is a

Richard Leakey.

chairman of the East

crisis —

'growing national

economic sabotage.7

By Mary Battiata Washington Post Service

lev of Hungary and Interflug of

Bocing still was talking with Tarom

See BOEING, Page 15

nist-bloc countries.

NAIROBI - The gang of 30 heavily armed poachers stole into Meru National Park, a few hours north of here, shortly after dark. Some of them surrounded the warden's house and opened fire. Others sprayed bullets at the armory where park rangers were sleeping.

As officials dived for cover, the rest of the gang charged into a fenced sanctuary, where they gunned down six rhinoceroses, cut off their valuable borns with chain saws and then vanished into the bush.

The rangers hardly got off a shot. The attack, on Sunday, was the most brazen to date in an escalat-Kenyan government for control of game parks. this country's national parks. At ning hands down. "The poaching situation is com-

sliced away - have been discoving war between poschers and the ered in or near the country's major

African Wildlife Society

More than 100 elephant carcassthe moment, the poachers are win- es in a similar condition have been found since late summer.

In Tsavo National Park, poacbpletely out of control," said Daphers in gangs as large as 50 have been

ne Sheldrick, a wildlife expert at ambushing and routing park patrols in shoot-outs that have lasted In the last week alone the bloat- as long as several hours.

The park rangers have been coned carcasses of more than a dozen clephants - their trunks and tusks sistently outmaneuvered by the poachers, partly because the poachers are superior trackers and bushmen, conservationists say. They also carry automatic weapons, while many of Kenya's park rangers use bolt-action rifles.

Three rangers have been killed and several more wounded. In September, suspected poachers as-saulted a tourist bus not far from the main lodge at Meru, wounding a passenger in the chest.

The threat has provoked an unusual public debate in Kenya, a country where tourism represents the greatest source of foreign exchange.

Some members of the predomi nantly white wildlife conservation movement, which in the past has quietly channeled its views to the See POACH, Page 4

In Saturday's IHT

# A Special Election Guide

Saturday's Herald Tribune will include a special two-page preview designed as a guide for making sense of Tuesday night's election returns. Besides telling where to get the results first on Tuesday night and how to interpret them as they come in, the guide will report on the issues, candidates and races beyond the one for the White House. Other features will explain the importance of polling in American political coverage - and recall the most notable failure of polls in predicting a presidential race. And we will list some of the hottest election night parties in capitals around the world. Look for this special feature in Saturday's IHT.

such quarrels in the past.

cess of changing Soviet law to give the World Court binding jurisdiction in those cases had already begun but might be long. He said that "military considerations" might also be involved.

# Russia Ready to Accept **Rulings of World Court**

By Paul Lewis

UNITED NATIONS, New York - The Soviet Union is prepared to let the World Court arbitrate any disputes over the interpretation of some treaties, a visiting Soviet legal official said.

The senior Soviet official said the Soviet Union wanted to be on a more equal footing with the United States, which has agreed to let the World Court decide any disputes arising over about 60 treaties and conventions it has signed. Moscow has refused to let the court settle

The Soviet official said the pro-

The Soviet disclosure occurred a little over a year after Mikhail S. Gorbachev, the Soviet leader, called for the International Court of Justice in The Hague, as the World Coun is officially known, to play a bigger role in resolving inter-national disputes between nations.

In particular, Mr. Gorbachev suggested that the five powers with rmanent seats on the UN Securi-Council — Britain China. France, the Soviet Union and the United States - should strengthen the court by accepting its binding jurisdiction in mutually agreed areas of international law.

The United States and Britain responded by asking Moscow to prove its new support for international law by accepting the clause in many treaties and conventions that gives each side the option of submitting any dispute to the

World Court. An example of such a treaty, lawyers said, is the 1961 Vienna Convention on Diplomatic Privileges and Immunities, which regulates the status of foreign diplomats in the countries where they are ac-

credited. The four other permanent Security Council members also agreed to start informal talks with Moscow about its plan for them all to accept binding court jurisdiction.

This fall, the United States presented some more specific ideas to the Soviet Union, including the suggestion that the permanent members use the so-called chamber procedure at the World Court, which allows a dispute to be decided by a panel of 5 of the 15 judges chosen by the court president in consultation with the litigants.

It also suggested that the United States and the Soviet Union agree to let the World Court decide any

# Italian Town Profits From Wedding Season's 'Bella Figura'

By Roberto Suro New York Times Service

AMALFI, Italy - This is a town that thrives on nature's blessings, especially

Overall, Italians are marrying less and divorcing more, but in Amalfi, where a rugged shore embraces a tame Mediterranean, young men and women go to the altar a lot, often enough, in fact, to create traffic jams on shimmering weekend mornings. And when they wed, they do it

reasons for it and that something can be cathedral and plenty of lemon and or-

Enzo does all the promoting so Don

Don Andrea, who cherishes the tradiuonal honorific used with priests' names, and his younger brother, the Reverend Luigi Colavolpe, perform about 180 mar-

mayor who promotes tourism, matrimonial and otherwise. "Couples flock to Amalfi because it is the most beautiful place in the world." said Enzo, with no pretense to objectiv-

ity, adding. "We also have an exceptional

ange blossoms for garlands." Amalfi, with a population of 6,000, bas

a long tradition as a wedding place for people of the surrounding region, especially from Naples, 65 kilometers (40 miles) to the north. But it is increasingly drawing people from all over southern Italy, and as the wedding season draws to a close. Enzo expects 1988 will break records, with more than 350 marriages

The setting is certainly suggestive. On a uny bay at the foot of limestone cliffs, Amalfi is a whitewashed jumble of little houses and old churches decorated with arabesque arches, bright porcelain tiles and flowers everywhere. In addition, it offers noble history.

Just as they are buying bigger cars and vacation homes, they are also putting on

creased steadily through the 1980s.

common even 20 years ago.

public of Amalfi regulated shipping in of miles to Amalfi is surely one way to the Mediterranean, carried Crusaders to create an impression. the Levant in its galleys and supposedly produced the first compasses for mari-

"It used to be that serving two pastas was enough to make a 'bella figura,' ' said the headwaiter in a botel dining But young lovers also seek bliss in room specializing in the marriage trade. Amalfi because Italians, who used to be Making a "bella figura," cutting a fine figure, looking good, is important in every aspect of Italian life, but it is a matter some of the world's most frugal savers. are spending more of their money on of doctrine when it comes to weddings. material pleasures in a way that was un-

"Now, I counsel people to serve three pastas if they don't want gossip," he "I insist on meeting a couple and hav-ing a talk before I will marry them," Don

enjoyment of a prosperity that has in-Andrea said. "Of course, I tell them about the sanctity of marriage, but more and more I find myself struggling to limit

See AMALFI, Page 5

See SOVIET, Page 4

Trying to explain why Amalfi is the wedding capital of Italy might seem a very unromantic project, like trying to explain why the steep mountains cascading to the sea here seem delicate, almost floral. But people say there are good

learned by figuring it out.

Amalfi's trio of Colavolpe brothers seem experts on the subject.

Lings and I do all the hard work," said the Reverend Andrea Colavolpe, pastor of St. Andrew's Cathedral.

riages a year in the cathedral alone. The other brother, Enzo, is a former

In medieval times, the Maritime Re-

ever-bigger weddings. And transporting dozens of friends and relatives hundreds

As memories of tumult and war fade

into older generations, younger Italians

especially are getting down to serious

R (Ode C) 525 12 4 NEW ZEALAND

At the fashion shows in New York, modern classics have a fresh look. Page 5. General Hews Chad is moving gingerly to-ward eased relations with Lib-

By James Brooke New York Times Service
NDJAMENA, Chad — Workers recently removed the pink and blue billboards proclaiming that "Chad will be the tomb of Libyan imperialism."

About the same time, booksellers removed from their shelves the manifestos of a Libyan guerrilla group dedicated to top-pling Colonel Moammar Gadhafi, the Lib-yan leader.

And last month the government in-structed Chadian news organizations to soften their language in referring to Libya.
"We can't call them circus clowns anymore," Fackir Kanassawa, editor of the government-owned weekly Al Watan, said wistfully. "Now we call them 'Libyan

A year after expelling Libyan troops from most of northern Chad, Chadians are warily trying détente with their powerful

Last weekend the two nations exchanged ambassadors for the first time since a Libyan-backed government lost power in Chad that the OAU would increase its efforts to arrange a settlement.

The dispute involves two unequal par-

ia 1982. "I feel as though I'm in my own house." the head of the new Libyan delegation, Gaith Salem Nasser, said Monday.
"Libya and Chad are one country," he added, in a good-will formula that many

Chadians would find unfortunate, Indeed, despite the surface relaxation of tensions, little progress has been made toward resolving the source of the conflict: ownership of the Aczou strip, a 115,000square-kilometer (44,000-square-mile) band of desert claimed by Libya and Chad. President Hissène Habré warned last

week, "What we want is to settle once and for all this dispute." Mr. Habre was speaking at a farewell ceremony for Mali's president, Moussa Traore, who is acting chairman of the Or-

anization of African Unity and who said

ties: Libya, a Mediterranean nation with Africa's highest per capita income, and Chad, a largely desert nation with one of Africa's lowest per capita incomes.

In 1987, by carefully husbanding military supplies provided by France and the United States, Mr. Habre drove most of the Libyan troops out of the northern half of Chad. When a cease-fire was declared in September of last year, Libyans controlled only Aczou village, a nearby agricultural project and a military base straddling the

In April, Colonel Gadhafi announced three conditions for recognizing Mr. yan prisoners of war, Colonel Gadhafi re-Habre's government: a repatriation of all peatedly appealed for their release last mostly officers, have joined the group dedi-Libyan prisoners, the departure of 1,700 week, when President Traore visited Tripo-cated to Colonel Gadhafi's overthrow, the Libyan prisoners, the departure of 1,700 French troops stationed in Chad and the recognition of Libyan sovereignty over the

hat the OAU would increase its efforts to

Six months later the Libyan prisoners

ers to correspond with their families or to

and the French troops are still here. A

allow visits by the International Commit
tee of the Red Cross. This tactic seems tions said that Chad and Libya were prom- intended to maximize anxiety in Libya and ising "to resolve their territorial dispute by

pacific means." To maintain a strong hand in future talks, Mr. Habré shows no interest in givand the Libyan prisoners.

Last month a French cabinet minister commented that French troops might be workers, only about 40 were prisoners of diminished "in the coming months." The war. The rest were Chadians scooped up Chadian reaction was chilly. A visit here by from the French chief of staff, General Maurice Libya, Schmitt, was unexpectedly canceled.

complete list of prisoners, to allow prison- ro; others are still in Chad.

increase pressure for resolution of the border dispute.

Colonel Gadhafi has tried to marsha African opinion against Chad on the issue. ing up his best cards: the French troops In September he flew 214 "Chadian prisoners" from Tripoli to Ndjamena. But according to Western diplomats and aid from the estimated 20,000 who work in

When the time comes to return the pris-Regarding the approximately 1,300 Lib-oners, the Libyan leader may discover that National Front for the Salvation of Libya. The Chadians refuse to make public a Some of these defectors have gone to Cai-

# WORLD BRIEFS

### Taiwan to Permit Mainland Visitors

TAIPEI (Reuters) - The Taiwan cabinet revised its security law Thursday to allow a small number of Chinese from the mainland to visit

the island for the first time since 1949.

A government statement said mainland Chinese would be allowed to travel to Taiwan to visit members of their immediate families who were seriously ill or to attend their funerals. The revision was made a year after

Taiwan relaxed a ban on travel by its own residents to the mainland. The rule change also permits Chinese who have spent at least four year in non-Communist countries to visit Taiwan for up to a week. Previously Chinese visitors had to have lived abroad for five years and were allowed to stay in Taiwan for only 72 hours.

### Malta Sentences Hijacker to 25 Years

VALLETTA, Malta (UPI) — A Palestinian man was given a 25-yes prison sentence Wednesday by a Maltese court for killing an American and an Israeli passenger and wounding five others during the 1985

hijacking of an EgyptAir jetliner. "I see no reason to go below the maximum," Judge Wallace Gulia told Omar Mohammed Ali Rezao, 24, after a two-day trial in a tightly gnarded courtroom inside a military fortress. The judge deducted the three years

Mr. Rezaq has served pending trial.

Sixty people, including two air pirates, were killed in the hijacking, which began Nov. 24, 1985, on a flight from Athens to Cairo and ended the next day when an Egyptian commando unit stormed the Boeing 737. at Valletta's Luqa Airport. The Abu Nidal Palestinian guerrilla organiza-tion claimed responsibility for the hijacking. Mr. Rezaq was the only surviving hijacker.

### Iran Rebukes Iraq on Troop Pullout

GENEVA (AP) - Iran accused Iraq on Thursday of using humanitarian issues to delay withdrawing its troops from Iranian territory. During peace talks between the two countries mediated by the United Nations, Iran said all war prisoners could have been repatriated by next week if Iraq had cooperated.

The Iranian foreign minister, Ali Akbar Velayati, was reacting to Iraqi allegations that Iran was delaying the exchange of prisoners of war. Iraque has offered to release its more than 30,000 prisoners if Iran does the same. Iran, refusing to accept an immediate exchange of prisoners, said it already had agreed in principle to a UN proposal linking the exchange of prisoners to military disengagement.

# China and India Adopt Frontier Pact

NEW DELHI (AFP) — China and India have agreed to maintain peace on their disputed border until they work out a permanent settlement, the Indian external affairs minister, P.V. Narasimha Rao, said in Parliament on Thursday.

The two countries, whose predominantly cool relations since a 1962 border war have shown signs of thaw in recent months, have agreed to maintain "peace and tranquility" on the frontier until a "lasting peaceful and mutually acceptable" solution is reached, Mr. Rao said.

China claims 90,000 square kilometers (34,000 square miles) of Indian territory, while India says China occupies about 38,000 square kilometers of its land. In the winter of 1986-87, the two countries traded accusations

### Vietnam Releases 23 MIA Remains

BANGKOK (UPI) - Vietnam turned over to U.S. officials Thursday. 23 sets of remains believed to be those of servicemen listed as miss 23 sets of remains believed to be those of servicemen used as imissingduring the Vietnam War, an American spokesman said. At the same time,
joint U.S.-Vietnamese teams completed the second 10-day investigation
aimed at resolving high-priority "discrepancy cases" in which there is
evidence that soldiers might have been captured alive.

Major Dan Trout, a spokesman for the U.S. Pacific Command, said
that 21 of the remains had been discovered during unilateral searches by
Vietnamese officials and that the other two had been found during the
first ioint U.S.-Vietnamese search from Sent. 25 to Oct. 5. A Vietnamese

first joint U.S.-Vietnamese search from Sept. 25 to Oct. 5. A Vietnamese Embassy spokesman in Bangkok said that not all the remains had been definitely identified as Americans but that they had been turned over for investigation at the U.S. Central Identification Laboratory in Hawaii.

Major Trout said that the results of the second joint search, intended to

resolve high-priority cases among the 1,751 missing Americans, were still being analyzed. Other sources, who asked not to be identified, said that the second search teams had not retrieved any remains.

### Mozambique Rebels Kill 8 on Train

MAPUTO, Mozambique (Renters) — Guertillas of the Mozambican National Resistance Movement killed eight persons and injured 38 on Tuesday in an attack on a passenger train about 50 kilometers (30 miles) northwest of Maputo, the official news agency AIM said. A railroad worker was quoted by the agency as saying that the train had

# TRAVEL UPDATE

### **Europeans Urged to Spread Holidays** BRUSSELS (AP) - The European Commission issued proposals

Thursday designed to encourage Europeans to spread their vacations ont over the whole year. At the same time, it asked the EC states to enact laws to ban overbooking on planes, trains and ferries and in hotels during the holiday

It said its proposals should help small businesses in the tourist sector face up to greater competition by the end of 1992, when the 12-nation bloc hopes to have dismantled all internal trade barriers. The proposals are also designed to defuse congestion problems in airports, on trains and on the roads during the traditional vacation months of July and August.

Ground personnel of the Belgian strine Sabena disrupted schedules in

Brussels and blocked airport access roads for several hours Wednesday. They were to continue their strike Thursday for higher pay.

### Clarification

Many old-guard guernilla chiefs octonated a mine and derailed before

A New York Times article about cholesterol testing in children ublished in the Oct. 27 editions of the IHT, cited a study at the University of Cincinnati College of Medicine indicating that a restrictedcholesterol diet did not impair children's growth. Other studies, too, have suggested that such a diet does not harm children; they should have been cited in preference to the Cincinnati study, which was published in August 1986 in the journal Pediatrics. The Cincinnati study was repudiated in July 1987 by the National Institutes of Health, which asserted that the research had violated scientific standards.

# As Costs Soar, Sweden May Kill New Warplane

STOCKHOLM — Sweden said Thursday that it was considering scrapping its most ambitious and expensive military project, a teche military project, a technologically advanced warplane, because costs were rising too high.

A Defense Ministry spokesman, Nils Gunnar Billinger, said the military had been forced to reconsider the project's future because the consortium building the plane had recently submitted a bill that went

have been killed in Evin Prison in well above the previous ceiling that had been set," he said. He declined

recommaissance aircraft

stance of armed neutrality.

The Gripen is being built by a consortium of four companies led by the plane and automobile manufacturer Saab-Scania AB.

The head of the consorting: Harald Schroder, said development

work on the plane's 40 separate computer systems had forced costs above earlier estimates. Mr. Billinger said the govern-

ment's contract with the manufacturer was in two parts. Development and delivery of the first 30 planes was negotiated on a fixed price contract of 24.9 billion kronor, be said. Delivery of a subsequent 110 aircraft was negotiated on a flexible contract with a price ceiling of 15.9 billion kronor.

It is this latter part of the contract that the consortium wants to renegotiate, Mr. Billinger said. Agron Karp, an arms researcher at the Stockholm International Peace Research Institute, said scrapping the project would have that small countries could not keep dractic implications for Sweden's

drastic implications for Sweden's up with the rising price of modern military technology. They are trying to produce to-morrow's fighter at yesterday's

maintaining their independent air-prices," he said, "and it won't work."



were fired from Kabul on ters. Wednesday at rebel targets 150 kilometers (90 miles) away in the eastern frontier province of Nangarbar, the diplomats told Agence France-Presse.

forces fired a "powerful missile" at a rebel base in Nangarhar near the border with Pakistan.

Pakistani government spokes-men, meanwhile, said that a Pakistani F-16 had shot down an Afghan MiG-23 several kilometers inside northwest Pakistan.

The spokesmen said that the pilot had been captured, but that they did not know whether he was

aircraft and weapons into Afghan-

the withdrawal of Soviet troops

KABUL, Afghanistan — The Afghan Army has begun firing Soviet-made Scud missiles from Kabul at guerrilla bases, Western that the Afghan Army had been equipped with Scuds that have a maximum range of 180 kilome-

The missiles are the same type that Iraq used against Iran earlier this year, the diplomats said.

Western and Eastern diplomats The Soviet news agency Tass said the Afghan Defense Ministry reported that Soviet-Afghan had announced that it would accomply the solution of quire more such missiles to intensify the war against the rebels, who part in the fighting. ave spurned a national reconciliation proposal from the Afghan leader, Major General Najib.

The Soviets are believed to be trying to stabilize the situation in Afghanistan before the remainder of their troops leave the country under a UN-sponsored agreement

Scud missile and other advanced stan. edge over the rebels, who are It suggested that the move was armed with U.S.-made Stinger in violation of Geneva accords on anti-aircraft missiles.

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Afghan or Soviet.

Washington complained this week about the introduction of the condense of t signed in April. Scuds had been sent to Afghanistan to give the Afghan forces an

According to diplomatic sources, rockets launched by the rebels in September killed about 300 people and injured more than Those attacks prompted coun-

teroffensives by the Afghan Air Force and Army.

Meanwhile, rebels took control late Wednesday of the strategic Afghan border post of Torkham at the Khyber Pass after two days of

Forces from at least three of the rebels' political groups, which are based in Pakistan, said they took

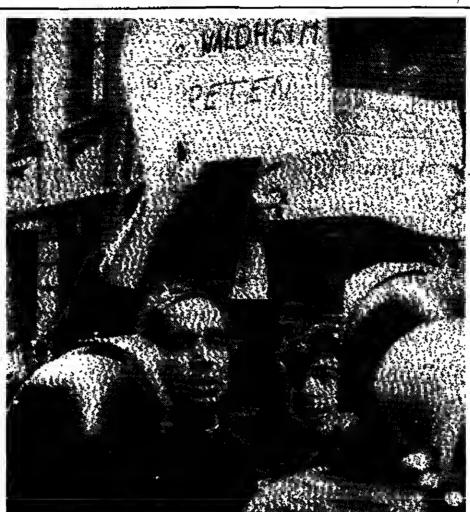
Torkham is at the foot of the Khyber Pass, which leads from Afghanistan into the Northwest Frontier Province of Pakistan and is an important overland route to

During the war, Pakistan has allowed nonmilitary goods to pass through its territory en route to

Guerrillas said Thursday that some posts in eastern Nangarhar province remained under the control of the Afghan Army, but that rebels controlled about 40 kilometers of the road between Torkham and the besieged city of Jalalabad

The Pakistani side of the Khyber Pass remained closed to all but commercial and local traffic.

Reporters who tried to drive the 58-kilometer route to Torkham on Thursday were corned back by Pa-· (AFP, AP)



WALDHEIM PROTEST IN ISTANBUL -- Rabbi Avi Weiss of New York, left, and a student, Solomon Ejjashev, raising protest hanners above a police barricade during the visit Thursday of President Kurt Waldheim of Austria. Some American Jews accuse Mr. Waldheim of being a war criminal. Turkish officials said his visit was a "stopover" on the way home from the Mideast.

# kistani police. HARRY'S STRAW VOTE @

Algerians Vote on Liberalization Moves By Edward Cody Washington Past Service

PARIS - Algerians voted in large oumbers Thursday on a package of political changes offered by President Chadli Bendjedid in response to anti-government riots

Although the proposed revisions were minor, the referendum Thursday constituted a request for cadorsement of Colonel Bendiedid's effort to loosen controls of the state-run economy and the oneparty political monopoly main-tained by the National Liberation Front since Algeria gained its inde-

pendence from France in 1962. Demands for political change have increased dramatically since the weeklong riots broke out Oct. 4

giers and other cities, although un-official counts rose above 200, and some went as high as 500.

About 12 million of Algeria's 23 million inhabitants were eligible to vote in the referendum.

In the country's new political climate, they were expected to vote overwhelmingly in favor of the president's proposals for constitutional amendments seeking to edge the government away from party

The main amendment would make the prime minister responsible for the first time before the National Popular Assembly, or

tion, which have been blamed on the pervasive National Liberation Front apparatus.

functioned as the president's exco-referendum to be scheduled later.

The congress therefore has but responsible only to the president's exco-referendum to be scheduled later. Government officials said that 176 people had been killed in Algiers and other cities although the continuation of the cities although the cities

Since the front appoints all can- Liberation Front leaders. didates to the 261-member assem bly, the amendment was expected to have little effect on day-to-day government decisions in the imme-diate future. But it was considered important as a symbol of Colonel Bendjedid's effort to open Algerian political horizons beyond the Na-

tional Liberation Front's leader-Colonel Bendjedid has scheduled a National Liberation Front congress Nov. 27 and 28 to consid-

er a second package of political He has promised that these pro-

have been reductant to abandon the passengers, mostly workers returning from jobs in South Africa. Marxist-oriented economics and one-party politics that were canployed to run Algeria for a genera-tion but have suddenly been called into question.

resistance by conservative National

The president, himself a former officer, heads the party and the army. But his opponents also hold

positions in the party secretariat, government and army, diplomats Because of tight secrecy among the former guerrilla leaders, howev-

er, little is known about the relative

### strengths of Colonel Bendjedid's allies and his foes, they added. over economic mismanagement, National Popular Assembly, or corruption and political stultifica- parliament. The prime minister has posals, once the party approves them, will also be put to a vote in a Thatcher Urges Jaruzelski to Accept UN Report Free Trade Unions and Freedoms

# By Jackson Diehl

Washington Post Service
WARSAW — Prime Minister Margaret Thatcher of Britaio urged the Communist leader, Gen-eral Wojciech Jaruzelski, oo Thorsday to accept free trade unions and greater personal freedoms, saying they were indispensable to the economic transforma-

Turning to General Jaruzelski at Turning to General Jaruzelski at a state banquet here, Mrs. Thatcher acknowledged his plans for changing Poland's economy, then the party leadership to have "a real dialogue with representatives of all sections of society, including Solidarity." bluntly advised him:

"You will only achieve higher growth, only release enterprise, only spur people to greater effort, only obtain their full-hearted commitment to reform, when people have the dignity and enjoyment of personal and political liberty, when

MICHEL SWISS

TAX-FREE EXPORT PRICES ALL PERFUMES - COSMETICS



they have the freedom of expres-sion, freedom of association, and the right to form free and independent trade unions." The statement, on the second

day of Mrs. Thatcher's visit, ap-peared to boister the banned Solidarity trade union as a promised dialogue between the government and the union on its relegalization has broken down.

Mrs. Thatcher said it was vital Earlier, she was cheered by thou-

sands of onlookers as she toured a

market in Warsaw and visited the

grave of a pro-Solidarity priest alled by security forces. In an effort to appear open to continued oegotiations with Soli-darity during Mrs. Thatcher's visit, Interior Minister Czeslaw Kiszczak on Thursday renewed an invitation to the Solidarity leader, Lech Wa-

lesa, to attend a fourth meeting volving the government and oppo-

spect for Mrs. Thatcher.



Send detailed resume for free evaluation. PACIFIC WESTERN UNIVERSITY Both Solidarity and the govern-ment are seeking to use the visit, the first by a British prime minister to Poland, to justify their political stands as Poland heads toward a new round of conflict.

British officials had said that Mrs. Thatcher would avoid taking sides in the quarrel or its current focal point: the government's an-nouncement Mouday of the closing of the Lenin shipyard in Gdansk, where Solidarity was founded in

Thatcher is to have lunch with Mr. Walesa in Gdansk on Friday. She will also lay flowers with him at a Solidarity monument outside the shipyard gate. It will be the first such gesture to the trade union by a

Western head of government.
The British leader responded coolly on Thursday to pleas for economic assistance by Poland's government. And she appeared to resist aggressive efforts by General aimed at eliminating obstacles to a Jaruzelski to win her endorsement proposed "roundtable" of talks in of his government's political and Jaruzelski to win her endorsement economic policies.

Instead, in a meeting with Prime But Mr. Walesa, who had al-minister Mieczysław Rakowski, ready rejected the idea several British officials said, she criticized times in 10 days, said only that he would delay his answer out of re-nomie incentives in the Polish economy and ignored an appeal for help on the country's \$39-billion foreign debt. Mrs. Thatcher was cheered by a

crowd of several thousand when she arrived at the St. Stanislaw Kostka church in northern Warsaw to lay flowers at the grave of the Reverend Jerzy Popieluszko, a pro-Solidarity priest who was murdered by the security forces in 1984. The lestive crowd chanted "We

# Assails Iran On Rights

UNITED NATIONS, New York — A UN report says that serious human rights violations have continued in Iran, including a wave of executions of political pris-oners in July, August and Septem-ber after Tehran accepted a ceasefire in the war with Iraq.

The author of the report, Reynaldo Galindo Pohl of El Salvador, But her statement Thursday evilous feature of the UN Commission on Human denly will be viewed as support for Solidarity. In addition, Mrs. Rights, said his findings justified Thatcher is to have lunch with Mr. "international concern." The report was made public Wednesday. He called on the Iranian authorities "to redress abuses and prevent

> "wave of executions" in Iran over the summer, largely of "members of various opposition groups," in-cluding the Mujahidin Khalq and its military arm, the National Liberation Army, which has been fighting from bases in Iraq. The report said 200 supporters of Mujahidin Khalq were believed to

The report said there had been a

Tehran on July 28. The bodies of 860 other executed olitical prisoners were reported to have been taken from the same prison to the Behesht Zahra cemetery from Aug. 14 to 16.

Numerous executions of other

during the summer, the report add-The report expressed concern about allegations of beatings and torture in Iranian prisons and of prisoners being prevented from de-

government opponents occurred

fending themselves at their trials. It said that Iranian prisons did love Thatcher," in English, and "Solidarity" in Polish as the prime not provide sufficient food or medical treatment and that conditions were unsanitary.

# reliant on the Western alliance," he said in an interview.

well above previous estimates. We have to look at the whole thing again, because the price tag we have been presented with goes

to say by how much. The plane, the JAS-39 Gripen, was originally budgeted at 40.8 billion kronor (\$6.6 billion). It is a three-in-one fighter, bomber and

struggling defense industry and its

"They are facing the choice of

minister waved.

cabinet revised its and Chinese from the mainland

striand Chinese would be a strike immediate families it. The revision was made a size who have spent at least it. Fawan for up to a week he broad for five years and was

ijacker to 25 l Palestinian man was given; altese court for killing an terminating five others during to

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My proposal linking the en-

opt Frontier ! and India have agreed to

they work out a permane. mantly cool relations suc in recent months have a reached, Mr. Rao said

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tiant on the Western Miles id in an interest. The Gripen is best " unsortium of four compa (the plane and attempt cturer Sush-Scania 48 The head of the ag arald Schroder, stid that ark on the planes imputer systems had let Move earlier estimates

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h is this latter part of er that the consention regeriate. Mr. Billion with that the consention with that the consent that the consen wir. Kam said that we covering as lergel the ed Lavi fighter plant t small countries out with the rising prior to with the rising prior to the edge of itary technology to on.
They are trying to rrow's fighter and he said.

# Goals of U.S. Panel on Deficit Mainland Visit Shaken by Partisan Quarrels of Chinese from the list Shaken by Partisan Quarrels

Washington Past Service

... WASHINGTON - The National Economic Commission, once hailed as the last best hope for curbing the institut, once transcu as the last trest trape for the one medical budget deficit, is beset by growing troubles.

Members of the high-level advisory panel are quarreling openly over spending and tax issues.

If Vice President George Bush, the Republican president

dential candidate, wins the election, he appears likely to give the panel short shrift.

And the commission probably will stage a strategic retreat by postponing the delivery of its recommendations several months after the scheduled Dec. 21 date. These developments raise questions about the commission's role in the future.

After the bipartisan panel was created by Congress in December, many leading politicians and Wall Street analysts predicted it would provide a solution to the deficit after the election by devising a package of spending cuts and tax increases that would be acceptable to the White House and Congress.

In effect, the commission was intended to mobilize political support for the measures that both presidential eandidates — and most congressional incumbents and challengers — have been afraid to discuss during the

campaign.

Though critics on the left and the right saw the panel as an anti-democratic conspiracy to impose austerity on the American people, supporters in the political center saw it as an essential mechanism for curbing the na-

tion's fiscal profligacy.

But now, expectations for the commission are "dimming day by day," said Susan C. Simon, a first vice president in the Washington office of Shearson Lehman

Peter Davis, a vice president in the Washington research office of Prudential Bache Securities, agreed. 1000 prisoners if Irandon a "It looks like things are blowing up," he said

. Robert Strauss, the Democratic co-chairman of the commission, recently told a group of New York business leaders that the most support he could hope to have for any deficit-reduction program would probably be "eight or nine votes out of the current I2 members," according to the spokesman for the panel, James Hildreth.

"I think that's very optimistic," said Felix Rohatyn, a
New York investment banker who also is a member of

Such pessimism stems from the public and private statements of some members. The commission has tried to maintain a low profile during the campaign and has held only "educational" meetings, rather than decision-making sessions. But sharp divisions have surfaced.

One panelist, Dean Kleckner, president of the Ameri-

an opponent to any recommendation for a tax increase. that deadline is almost certain to be scrapped in favor of He recently said that he was "concerned there may be a a much later date, commission sources said.

commission bias toward tax increases to paper over the basic budget and spending problems."

Two former defense secretaries who sit on the commission, Caspar W. Weinberger and Donald Rumsfeld, also have it made clear that they favor considerably faster growth in military spending than Congress has allowed. They also are opposed to higher taxes.

At a commission hearing Tuesday on defense issues, both said that Pentagon expenditures must be considered solely in light of the Soviet threat and be separate from the deficit issue.

One of the Democratic members, Lane Kirkland,

president of the AFL-CIO, is likely to prove as resistant to recommending savings in Social Security and Medi-care as Mr. Weinberger and Mr. Rumsfeld are to considering cuts in defense, commission sources say.

As a result, Mr. Strauss and the commission's Repub-

lican co-chairman, former Transportation Secretary Drew Lewis, will probably find themselves trying to put ogether a majority from a core of moderate members. These panelists include Mr. Robatyn; Senator Pete V. Domenici, Republican of New Mexico; Lee Iscocca, chairman of Chrysler Corp.; Senator Daniel Patrick Moymhan, Democrat of New York, Representative William H. Gray 3d, Democrat of Pennsylvania, and Representative Bill Frenzel, Republican of Minnesota. Some observers predict that Mr. Strauss and Mr. Lewis will eventually succeed because of the embarrassment that members would feel if the commission did

not produce a majority report. But if Mr. Bush wins the election, the task facing Mr. Strauss and Mr. Lewis may be made more difficult.

Throughout the campaign, Mr. Bush has said he would listen to the commission's recommendations, but he also has warned that if he wins, it will send a signal to the panel to eschew any tax increases.

Sources close to the Bush campaign say that the vice president privately derides the group as a "tax increase

Governor Michael S. Dukakis, the Democratic presidential candidate, also has taken some swipes at the commission, warning that it should not contemplate any cuts in Social Security or other similar programs. But Mr. Dukakis is widely believed to be much more likely to accept the panel's recommendations if he is

Earlier this year, the commissioners decided to issue their initial report on Dec. 21. They said that they believed their work would be "more useful" if their recommendations were available before the next administration took office, according to a document released

One panelist, Dean Kleckner, president of the American Farm Bureau Federation, has established himself as and Mr. Bush's commanding lead in the opinion polls,



Mr. Bush holding a 3-year-old girl as her brother waved the flag in Grand Rapids, Michigan.

# The of over to U.S. officials Ad on Crime Disavowed by Bush, but Hurts Dukakis Anyway

By Stephen Engelberg and Richard L. Berke

New York Times Service WASHINGTON - The political commercial that raised some of in Sept. 25 to Oci Alic ... the strongest doubts about Govercrime seems certain to win a place in the annals of campaign advertis-

The commercial appeared nationally on cable television for 28 dia. And now, in the waning days days this fall. It featured a police of the presidential race, leaders of photograph of a glowering Willie Horton, a convicted marderer, tion Committee, the independent who, after escaping while on a group that sponsored the advertise-

Although disavowed by the camaign of Vice President George Bush, the commercial is the work of an advertising team with longnor Michael S. Dukakis's record on standing ties to the Republican

It was filmed by a former em-ployee of Roger Ailes, the Bush expert on the communications me-

setts prison, raped a Maryland the tacit support of senior officials woman and stabbed her fiance, in the Bush campaign.

The group's activities show bow independent political committees can have a major impact on a national campaign and provide a vehicle for carrying out attacks with which a campaign organization cannot be associated.

Senior Bush campaign officials have used strong language to disclaim any connection to the Na-tional Security Political Action Committee, which raised some of its money with mailings sent out under the banner of "Americans

ing their spending activities with presidential campaigns, but they argue that the Bush camp protests

prove of your activities."

toward their activities.

A spokesman for the senator said

The general counsel to the Bush letter and that it had been written biggest spender among independent campaign, Jan W. Baran, has called by an intern, who, the spokesman dent political organizations, Federby an intern, who, the spokesman dent political organizations. Federthe group "bloodsuckers," while Mr. Ailes has said of such indepensaid, signed it with an automatic al records show that it has sent

dent expenditure groups, "I hate As for the vice president himself, a May 4 letter that the campaign sent to the committee says the can-didate "does not endorse nor ap-The committee's principals say they have complied with federal election law, which bars indepen-

\$7.032 million in behalf of Mr. But Elizabeth I. Fediay, 34, the Bush's candidacy.

There is no evidence that the committee's founder, said to an interview Wednesday that she be- committee, in devising the Horton commercial, received any direction lieved the letter was genuine. "Offi-

cially." she said, "the campaign has from the Bush campaign.

to disavow themselves from me.

Democrats have asserted that the Unofficially, I bear that they're commercial has racist overtones, thrilled about what we're doing." In the past two years, Ms. Fe-

partly because it includes the photograph of Mr. Horton, who is diay's committee has become the black

# THE HUSTINGS

### Many Still Undecided, Dukakis Says

PHILADELPHIA (UPI) — Michael S. Dukakis on Thursday played down the importance of polls showing him trailing George Bush across the country, saying that just five days before the election 25 to 30 percent of voters had not yet made up their minds.

In an interview on CBS-TV the Democratic nominee said: "I think the big states are the ones we're either tied in or are now beginning to move ahead. But there are small states, as well, that I think are beginning to

Calling himself a marathon runner, Mr. Dukakis said he would be "driving hard" in the following five days to win the support of undecided Americans. These voters are "looking at us again," he said. "I think they are turning off to the Republican campaign. We're making significant gains in many states, and this one's going to go down to the wire."

One reason for confidence, Mr. Dukakis said, is that Americans "are finally beginning to see that there are important differences" between himself and Mr. Bush. He cited Mr. Bush's stance on the war against drugs as one difference between the candidates.

"Mr. Bush, who has been talking about crime and being tough on law enforcement and finally waging a war against drugs, said that he wouldn't cut off foreign aid to countries that continued to produce this stuff and send it into the country and poison are kids and destroy neighborboods," he said. "I'll cut off aid to countries that refuse to cooperate with us. That's a fundamental difference between us."

### Democrat Fading in California Race

SAN FRANCISCO (WP) - Three months ago in the pivotal race for a U.S. Senate seat from California, Lieutenant Governor Leo McCarthy was running a warm, homey campaign, and the Democrat seemed to have a chance. "A senator for us," his commercials said.

His Republican opponent, Senator Pete Wilson, had not huilt a strong image in California. And none of the five senators preceding him had lasted more than one six-year term in the demanding state. The Democratic presidential nicket was leading in the polls.

But now, Mr. McCarthy's dogged enthusiasm seems little more than a brave front. The latest Los Angeles Times poll gives Mr. Wilson a lead of 43 percent to 26 percent, with only an unusually large undecided faction of 30 percent giving the Democrats much bope.

Mr. McCarthy has failed to tarnish Mr. Wilson's reputation as an environmentalist and is having to defend his refusal to release some income tax returns. Mr. Wilson's fellow Yale alumnus, Mr. Bush, is slightly ahead of Mr. Dukakis here in a race now rated as a toss-up.

Mr. Wilson has been attentive to business, particularly aerospace and agriculture, and he expects to spend \$13 million to Mr. McCarthy's \$9 million. In addition, his recent endorsement by 100 fire chiefs is only one of a chorus of burrahs from public-safety officials in a state where lear of crime governs many votes.



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# Candidates and Crime in a 30-Second Film

WASHINGTON — "Weekend Passes" is the title of the 30-second advertisement about William Hor-

As side-by-side photographs of Vice President George Bush and Governor Michael S. Dukakis flash "...on the screen, an announcer says,
"Bush and Dukakis on crime." Flash to a picture of Mr. Bush.

"Bush supports the death penal-

"Dukakis not only opposes the death penalty, he allowed first-degree murderers to have weekend passes from prison." Flash to a mugshot of a glaring

Mr. Horton. "One was Willie Horton, who murdered a boy in a robbery, stab-

bing him 19 times."
Flash to another blurred blackand-white photograph of the convict, looking like he is being arrested by a police officer.

received 10 weekend passes from prison," the announces says. "Horton fled, kidnapped a young couple, stabbing the man and repeat-edly raping his girlfriend." As the announcer gives these details, the words "kidnapping," "stabbing" and "raping" flash on the screen.

The last photo is of Mr. Dukakis. The announcer says: "Weekend prison passes. Dukakis on crime."

They say an Oct. 22 letter of praise over the signature of Mr. Bush's running mate, Senator Dan Quayle, is evidence of what they call the campaign's true sentiments

dent organizations from coordinat-

In the letter, Mr. Quayle offered thanks for a copy of another videotaped attack on Mr. Dukakis that was financed by the committee, and called its efforts "a source of real encouragement as well as a great boon to our efforts."

that he knew nothing about the

# . ty for first-degree murderers." In U.S. Cities, Race Realigns the Parties

By Thomas B. Edsall Washington Past Service
CHICAGO — In metropolitan areas of the United States, the balance of political power is shifting as

Democrats face a steady erosion of support in suburbs and white neighborhoods to the Republicans. Blacks have ascended to power in central cities with stagnant or declining populations, while white

suburbs are booming. In Chicago, the interplay among racial tension, crime and the declining fortunes of the once-domidant Democratic organization illustrates the phenomenon that politicians have begun calling "rings" or "collars" of white areas around heavily black and Hispanic

- and increasingly Republican -

The result has been the creation of working-class Republicans among whites who once were Dem-

ocratic staiwarts. The erosion of Democratic support is evident in many of the suburbs and white neighborhoods of cities now controlled by black majorities: from Philadelphia's northsast districts and river wards, to Detroit's Macomb County and Bir-

minghmam's Hueytown. In the South, the affluent, predominantly white suburbs have undergone a sweeping political re-alignment since 1960. In Louisiana, Jefferson and St. Tammany parishes outside New Orleans grew from a combined population of nearly 250,000 in

1960 to 565,461 in 1980, and have grown further since. Those parishes **NEWS ANALYSIS** gave the Democratic nicket a mar-

gin of 17,233 votes in 1960, but favored the Republicans by 111,759 in 1984. In the suburbs of Atlanta, Cobb and Gwinnett counties tripled in population since 1960 to 464,621 in 1980. They gave the Democrats a

8,809-vote margin in 1960, the Republicans a 109,625-vote advanage in 1984. The political split between blacks and whites is most sharply reflected in national surveys on issues about the role of government

in rectifying racial problems. In an analysis of National Election Studies data, Donald R. Kinder and Lynn M. Sanders of the University of Michigan found what Mr. Kinder described as a pervasive view among whites that "blacks don't really try, that if they tried, they would do as well as

"The gender gap is negligible compared to the racial gap," Mr.

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Kinder said in an interview. "These are chasms, not just differences." Nowhere is the impact of race more apparent than in southwest their values and interests." and northwest Chicago, a city that has experienced more than two de-

cades of racial strife. Michael Caccitolo, a former Democrat who is now the Republican committeeman of the 23d ward, said: "The big turning point was in 1983, when the Democranic machine split the vote between the white people and Harold Washington came to power. When that happened, a lot of people felt they were betrayed by the Democratic orga-

Mr. Washington, Chicago's first black mayor, died last year. The creation of Republicans from working-class whites followed the collapse of the political machine of the late Mayor Richard J. Daley. In the 1960s and 1970s, the base of the Daley political machine shifted from the center city to the

Paul Kleppner, director of the Social Science Research Institute at Northern Illinois University, wrote

white wards on its outskirts.

in his book "Chicago Divided" that white ethnic voters saw the mayor and his machine as defenders of

Within a few years after Mr. Daley's death, the machine could no longer deliver to white voters. Mr. Washington's election in 1983 broke the ties between City Hall and the northwest and southwest

wards like the 23d. William Julius Wilson, a University of Chicago sociologist, said that there was "a general feeling among a certain segment of the white population that the government in general and Democrats in particular have forgotten about the white working class."

In Chicago, the significance of race is inescapable. During the past year, a central goal animating an alliance of generally white community organizations has been to win passage of a state "Home Equity Assurance Act," to guarantee that bomeowners' property values will not fall below current market values. Many residents fear that expansion of the black community will lower their property values.



Savretta Ski-school ski- and chairfift . ..

# INTERNATIONAL

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# EUROPEAN **TOPICS**

### Venice Inaugurates First Tide Barrier

Venice inaugurated its first mechanical tide barrier Thursday in a project aimed at blocking the frequent floods that have afficted the low-lying lagoon city for caturies. A prototype barrier was placed in the Treporti channel near the Lido, one of the three natural gates that separate the lagoon from the Adriatic Sea.

The steel barrier, 32 meters (104 feet) wide and weighing 1,100 tous, is called Mose (Italian for Moses), the Italian initials for Experimental Electromechaoical Modular, It is attached to four cylinders 20 meters long. When high tides threaton the city, compressed air will raise the cylinders and the barrier, drawbridge-style, to block the water. At normal water level, the barrier and cylinders lie horizontally on the seabed, posing no threat to navigation.

If the barrier works, 80 of them will be placed at the three gates of the lagoon by 1995.

### Politicians Criticize Bonn Refugee Laws

The dramatic surge in the influx of political refugees and eth-nic Germans into West Germany has prompted leading West Ger-man conservative politicians to question the constitution's guarantee of asylum for the political-

ly persecuted.

Lothar Spath, the Christian Democratic premier of Baden-Warttemberg, said there was currently "no political persecution" in such East European countries as Poland, Hungary and Yugoslavia. He presumed that migrants from these countries came to West Germany for "economic reasons," and he said they should be turned back at the border. Friedrich Zimmermann, the interior minister, who is a member of the conservative Christian Social Union, backed Mr. Spath's views. But Social Democratic and Liberal politicians rejected any change in the

asylum law.
The debate was touched off by Oskar Lafontaine, the Social Democratic premier of Saarland. Last month he criticized the gov-ernment for receiving "ethnic Germans of the fourth and fifth generation" with open arms while rejecting Third World anplicants from countries like Sri Lanka "whose very existence" was threatened.

Over 200,000 ethnic Germans are expected to settle in West Germany this year as well as more than 100,000 would-be po-litical refugees. Only about 10 percent of applications for political asylum are approved, but East Europeans, who make up about 40 percent of those seeking refuge, are given automatic right of settlement.

Around Europe

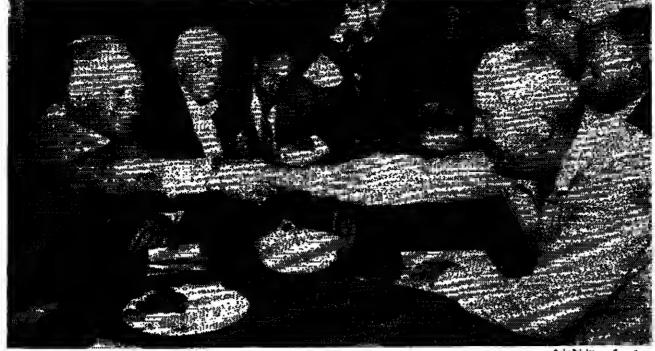
French cuisine will return to space next month when Jean-Loup Chrétien takes off for his second space voyage, this time on the French-Soviet mission Aragatz, which will dock with the Soviet manned space station Mir. Mr. Chrétien and his two Soviet colleagues will carry 23 different dishes, including boeuf bourguignon and pigeon stew, created by two French chefs and 11 French food distribution companies. The cosmonauts will eat four French meals during the mission, which is scheduled to last from Nov. 26 to Dec. 21, a spokesman for the National Center for Space Studies in Tou-

Madrid is to house Spain's first ermanent exhibition center for stolen goods. The purpose of the center, nicknamed "The Thiel's Museum" by the Madrid daily El Pais, is to help citizens identify and recover possessions stolen from them in burglaries, muggings, car thefts and the like. Jus-tice Ministry figures showed that only 4,338 of about 45,000 stolen items recovered by police in 1987 were returned to their legitimate

The inhabitants of Reykjavik have voted against allowing dogs in the Icelandic capital, thus putting an end to a foor-year old experiment with restrictive dog ownership. The results of a weeklong referendum that ended on Sunday showed a two-thirds majority against, although only 12.8 percent of Reykjavík's electorate

The historic rule book of Cambridge University is to be rewritten in gender-free terms. The British university's dons heads, tutors and fellows - have voted, 348 to 260, to end the use of male pronouns to describe members of both sexes in the 1,152-page Statutes and Ordinances. The rule book was translated from the original Latin into English in the 19th century, when there were no women at the university. Women now account for almost half the students at

Sytske Looijen



Mr. Zeevi met Thursday with Prime Minister Yitzhak Shamir and said he would support a Shamir government. So did Rafael Ei-Mr. Shamir, left, during negotiations on a coalition Thursday in Jerusalem with Rafael Eitan, leader of the rightist Tsomet Party.

# Rights Group Says Peru Allows Abuses

By Alan Riding New York Times Sendor RIO DE JANEIRO - An Amercharged that the civilian government in Peru is tolerating growing human rights abuses by the armed forces in their eight-year-old war against

Maoist guernilas.
The New York-based organiza-

(Continued from page 1)

future disputes between them relat-

ing to the immunity of each govern-ment from judicial action.

The State Department's chief le-gal counsel, Abraham D. Sofaer,

said this week that the talks among

the five permanent Security Coun-

cil members were "proceeding con-

The Soviet official said Moscow

thought the five permanent Securi-

ty Council members might consid-

er agreeing to World Court arbitra-

tioo io several areas of

international law, including dis-putes about finance and trade and

in cases relating to international

U.S. legal officials said they were

having second thoughts about

sending disputes over sovereign im-

munity to the World Court because

the American and Soviet starting

points in the discussion appeared

The United States takes a nar-

too far apart.

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terrorism and drug trafficking.

ians were concentrated in the Andeican human rights organization has an region of Ayacucho, where Shining Path guerrillas were most active. Saying there had been "a cascade

row view of sovereign immunity.

arguing that only strictly govern-mental acts — and not those of

state-owned trading corporations or other official bodies, for exam-

ple - should be immune from judi-

cial review. The Soviet Union, how-

When the World Court was set

up in 1946, the United States ac-

cepted its binding jurisdiction in all cases except those falling within the

jurisdiction of American courts, as

determined by the United States.

Forty-three other countries also ac-

cepted the court's jurisdiction

though usually with important reservations. France, China and the

But two years ago, the United States withdrew the qualified U.S.

support for the court after Nicara-

gua successfully sued the United States for mining its ports and aid-

ing rebels fighting the government,

leaving Britain as the only perma-nent Security Council member

which in principle still accepts the court's general jurisdiction.

Soviet Union did not.

ever, favors a broader definition.

of extraindicial executions, arbitrary arrests, disappearances and torture," the organization commented tion, Americas Watch, which has that the attitude of the government been monitoring burnan rights in of President Alan Garda "might

**SOVIET:** World Court Decisions

Peru over the last five years, said in a best be described as one of resigna-new report that abuses against civil-tion."

"Impunity for those who wear uniforms continues, and the Peruvian public no longer believes that the government has any real intention of pursuing justice," the report said.

Americas Watch also condemned the violence of Shining Path. "It systematically murders defenseless people, places explosives that cause great damage and endanger the lives of innocent bystanders and attacks military targets in rural areas with-out minimizing the risk to the civil-ian population," it said.

The report was written by Juan E. Peru in July, be was prevented by have been challenged by some ex-

Americas Watch said the government of former President Fernando Belaimde Terry "made a conscious decision to abdicate its authority over the military," and ignored pro-

tests over human rights.
In contrast, Mr. Garcia at first moved to punish military officers responsible for human rights viola tions. But in face of the expansion of guernilla activities, the report said, the government gradually slid from passivity toward military abuses to apparent acquiescence.

The government has said that 10,627 people died in the region from 1980 to 1987, of whom 560 were soldiers or policemen, 3,906 were civilians and 6,161 were "Com-Mendez, the Washington director of were civilians and 6,161 were "Com-Americas Watch. During a visit to munist terrorists." These figures the military authorities from leaving parts since the total number of Shin-the city of Ayacucho to gather addi-ing Path rebels is usually put around 5,000.

# COUP: Maldive Islands Attacked

(Continued from page 1)

visit India on Tuesday but canceled the trip without giving a reason. The Maldives archipelago is of minor strategic importance, although it is situated about 300 miles (480 kilometers) north of Diego Garcia, the U.S. military base in the Indian Ocean.

Mr. Gayoom, who has followed nonaligned policy since coming to office, has in recent years refused an offer from the Soviet Union to lease its Gan Island, a former Brit-

ish air base, Reuters reported. Male is 400 miles southwest of the Indian port city of Trivandrum, from where 1,600 paratroopers were to be flown to the islands, the

Press Trust of India reported. The Indian decision appeared partly aimed at asserting New Delhi's grip on the region and at heading off possible moves by other 200,000. The economy relies heavicountries to intervene in behalf of ly on fishing. Mr. Gayoott.

An Indian spokesman said the Maldivian leader had also asked for assistance from the United

nied rumors that an American aircraft carrier was heading there, Reuters reported.]

India has a large military presence in Sri Lanka, where tens of thousands of troops are battling T-mil separatists under the terms of a 1987 agreement between Mr. Gandhi and President Junius R.

Officials in New Delhi and Cofoes of Mr. Gayoom, supported by a wealthy exiled businessman, were behind the assault and that they had hired several hundred merco-

ure for the number of mercenaties

Maldives, known for its tourist to complete the task. beaches, has a population of about

28 Die in Turkish Bus Crash

[In Washington, the State Department said Thursday that the United States had taken no action against the coup attempt and design and design and design and design at the coup attempt and design and design and design and design attempt and design at the coup attempt at the cou ISTANBUL — A bus collided

Israel was built upon the principle of expelling the Arabs who lived here first. Washington Past Service
JERUSALEM — The new rightist Israeli government will include among its members a significant

A Revived Cause:

'Transfer' of Arabs

We came to conquer land and settle it," he told a small crowd in Jerusalem last week. "If transfer is not ethical, then everything we have done here for 100 years is WTOOR.

His small Homeland Party may be the most extreme, but it is not alone. Eitan's Tzomet believes that many Israeli Arabs should be resettled in Libya, and he calls for government steps to compel them to leave "voluntarily."

The rightist Tehrya Party, winner of three sears, calls for "resettle-ment" in Arab nations of the estimated 800,000 Palestinian refugees of the West Bank and Gaza Strip. Although he himself professes to oppose mass expulsion, there are many members of Prime Minister Yitzhak Shamir's own right-of-center Likud who have spoken publicly in favor of it.

tan, a former army chief of staff whose Tzomet Party, which won ■ Party Upset With Peres two seats, advocates a more limited Labor Party officials are considering removing Shimon Peres as' party leader because of Labor's Mr. Zeevi calls expulsion by the uphemism "transfer." It was once aboo in Israeli political circles and poor showing in the elections, party sources and published reports said used only by supposed lanatics like Meir Kahane. Rabbi Kahane was Thursday, according to The Asso-ciated Press. Five Israeli newspabanned from running for parliapers and Israel radio said as many as five ranking leaders in the party the has gained legitimacy.

The former general argues that

# ISRAEL: Shamir Rejects Changes

(Continued from page 1)

power for four years. The Labor leader told the heads of other parties at meetings Wednesday and Thursday that he would not join a oew national unity government unless it adopted his peace plan.

ment, but the idea he champia

The second statement by

By Glenn Frankel

minority that favors some version

of a cause that is gaining increasing popularity among Israeli Jews: the

forced expulsion of some or all of the Arab population of the occu-pied West Bank and Gaza Strip.

One of its advocates is Rehavam

Zeevi, a former military command-

er of the occupied West Bank,

whose small Moledet or Homeland

Party won two Knesset seats in the

election Tuesday by campaigning on a platform whose slogan asked

Israeli Jews: "Who will go - us or them? The choice is still in your

form of expulsion.

The interview with Mr. Shamir was sandwiched between meetings that the prime minister and his advisers were holding with the various small parties that are potential coalition partners for a new Likudled vovernment.

Mr. Shamir said he was "under constant pressure" because of the lengthy and intricate bargaming sessions, but be said he did not foresee "any exceptional difficul-ties" that would prevent him from forging a new government.

Likud won 39 seats in the 120member Knesset, one more than Labor's 38, according to unofficial results. If the 7 seats of his rightist allies and the 18 seats of the four religious parties were added, Mr. lombo speculated that political Shamir could have as many as 64 seats, or a majority of 8 seats, com-pared with 56 seats for Labor and

. The final official vote tally aries. should be complete by the week-There was no authoritative fig- end, and next week President Chaim Herzog is expected to give involved, although Reuters quoted Mr. Shamir the opportunity to be-diplomats in Sri Lanka as saying gin formal coalition negotiations, that there were "up to 400." He then will have three to six weeks

Mr. Shamir said his new meet would "take energetic means" to smother the 11-month

Palestinian uprising in the occu-pied West Bank and Gaza Strip, but he refused to provide specifics. He said his victory would send a clear message to Palestinians that "they have to regard as an illusion

way to advance the interests of the Palestinian population is to come to negotiations," he said.

Arab leaders, too, will have to realize that "there is no alternative" to direct negotiations with Israel, said Mr. Shamir. As for the United States, which has endorsed an international conference as part of Secretary of State George P Shultz's regional peace initiative, Mr. Shamir said that Washington's "main target" was the same as his:
"to bring the parties to direct nego-

The prime minister dismissed as "exaggerated" the fears of American Jews that the ultra-Orthodox would push Israel further down the road to a Jewish theocracy with demands for religious purity. "We know the moods and the.

worries of the Jewish community in the United States," he said, "and we don't think now to change in this regard the existing status quo."

High on the list of ultra-Ortho-dox demands is a stronger commitment from Mr. Shamir to support an amendment to Israel's "law.of. return," which guarantees the right of every Jew to emigrate here. The amendment would exclude Jewish converts from the Reform and Conservative movements.

While the number of converts involved is quite small, the amendment has been vigorously opposed by Reform and Conservative Jews as an Orthodox attempt to delegitimize their movements.

Likud has long supported the socalled "Who Is a Jew" amendment, but it has never invoked party discipline to compel its Knesset members to vote for the bill, which has always been narrowly defeated. Asked twice Thursday if he

would invoke party discipline on this issue, Mr. Shamir replied that-"there will not be any new development in this regard.

# POACH: A Frenzy of Attacks on Wildlife in Kenya

(Continued from page 1) Kenyan government, have gone public recently with scathing criticisms of the way Kenya is managing its valuable wildlife.

Richard Leakey, chamman of the private East African Wildlife Soci-ety, recently called the poaching problem a "growing national crisis - economic sabotage with far-reaching and lasting effect on the stability and success of this coun-

Conservationists and a growing chorus of government officials have publicly questioned the performance of the Kenyan Department of Wildlife Management and Conservation.

Hunting was banned in Kenya in the late 1970s, but elephants are being posched for their ivory at a rate of at least 150 per week, con-servationists estimate. Kenya's dwindling elephant population, which has declined by 85 percent in 15 years, is now put at about 16,000, according to a recent government survey. Some conserva-tionists believe the actual figure is many civil wars, the poschers are closer to 11,000, down from more able to kill large groups of elethan 140,000 in the early 1970s.

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President Daniel arap Moi, in response to the crisis, decreed in September that all poachers would be shot on sight. He also ordered a blind eye to what's going on," said David Western, a Nairobi concrations within the parks be suspended. Since then, governmen police have rounded up dozens of

suspected poschers. Less than a month after the president's shoot-to-kill order, however, 11 more dead elephants were found near Tsavo West National

The poschers are believed to be aided by corrupt game wardens, rangers, itinerant cattle herders and ivory traders who supply the poachers with trucks and places to

"Clearly, if you are in a national park with people going in with trucks and automatic guns and saws and coming out with tusks," Mr. Leakey said, "then there must

Outlitted with automatic we phants in a short period of time.

"There is very little question that certain branches of government including the police - have turned

Since September, more than 40 rangers and wardens in the Department of Wildlife Management have been charged with corruption or collusion with poachers. Sixty others are said to be under investigation, and the present minister, George Muhoho, has promised further prosecutions

This is not the first time, however er, that the department has tried to correct its abuses. Early this year it dismissed more than a dozen senior purcaucuats and wardens who were alleged to have been poaching or collaborating with poachers. The minister in charge of the depart-ment was also relieved of his duties.

Many of those rangers and wardens have since been reinstated. Sources close to the department say that bureaucratic and political considerations, as well as family and tribal loyalties, continue to make it hard to dismiss corrupt officers.

**SPAIN:** Socialists' Woes

(Continued from page 1) Fraga," predicted Julen Guimon. the party's Basque leader. "Hernandez Mancha will withdraw:

Common sense will prevail." When Mr. Fraga quit politics, it was felt that an era had ended. He was the only major minister under Franco to remain popular under democracy. He held two ministerial posts, information and tourism. As information minister, he was in

charge of press censorship. By 1982, he had built a coalition that won 26 percent of the vote and held 106 seats in the 350-seat lower house of parliament. But in the 1986 elections, the party polled 20 percent and the number of its seats

On quitting Mr. Praga said it would be his "last direct participa-tion" in politics. Recent polls put his popularity rating at 4 percent.
Despite its poor showing, the Popular Alliance remains the m opposition to the Socialist Party, which holds 184 seats in parliament. The current split is expected to weaken the right further.

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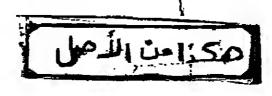
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mili upon the principle inc. to conquer land and inc. told a small crowd in last week. "If transfer in them everything in them everything in them everything in them everything in them."

II Homeland Party Ray et extreme, but it is no mes Promet believes the Arabs should be rese. Mar and he calls for 80. aps to compel them to migarily."

calls for rescul-man, calls for rescul-man nations of the st. 600 Palestinian refuges at Bank and Gaza Sup. he himself professes in as expulsion, there are injects of Prime Ministr min's own right-of-co. who have spoken public

Uppet With Peres arty officials are considering Shimoo Peres a der because of Labori ing in the elections partial published reports said according to The Asso see. Five Israeli newsp. israel radio said as man israel radio said as man israel leaders in the part issed it.

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# AIN: alists' Woes

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y's Basque leader. He Mancha will withdus a sense will prevail." Mr. Fraga quit polines only major minister mi to remain popular mi cy. He held two minist formation and tourism's tion minister, he was s f press censorship. 82, he had built a coaling

26 percent of the vote seats in the 350-seat log parliament. But in ctions, the party poled

e his last direct parties politics. Recent politics ilarity rating at 4 people te its poor showing Alliance remains the on to the Socialist Pol iolds 184 seals in par he current split is exper on the right further.

LEGAL SERVICES

Pages 20 & FOR MORE

# Indonesia's Closure Of 2 Straits Worries **Maritime Powers**

By Michael Richardson \* Imericational Herald Tribune
SINGAPORE — Indonesia's

brief closing recently of two stratec straits used for international shipping has prompted expressions of concern from the United States, the Soviet Union, Japan, Australia and European countries eager to avoid precedents that impede freedom of mavigation.

Western diplomats said Thurs-de that Indonesia's action appeared to be a reaffirmation of its dains to sovereignty over several important deep-water straits link-ing the Pacific and Indian oceans. Eggal experts said the closing of the Lombok and Sonda straits also reflected continuing ambiguity, over some key provisions of the United Nations Convention on the Law of the Sea. If ratified, the law

The 1982 convention was the subject of renewed debate in the UN General Assembly on Tues-

will regulate virtually all uses of the

oceans and reconcile conflicting

Although signed by more than 140 countries, the convention has been ratified by only 35, or 25 short of the number needed to bring it

Diplomats said that Indonesia clased the Sunda and Lombok straits for three days in September for a naval exercise, although no foreign ships have reported being delayed or diverted.

. The straits are used by commercial and naval vessels of many na-

The Indonesian defense and secanity minister, General Benny Mardani, said last week that Indonesia had been applying its "sover-eign right to conduct exercises in any part of the archipelago" by closing the straits for a few days." But this explanation was disput-

ed by the Australian foreign minister, Gareth Evans, who said that the United States, West Germany and Australia had made "diplomatic representations" to Indonesia about the closure.

Western diplomats said that Japan and Britain had also quesed the Indonesian government about the matter.

Contacted by telephone in Ja-karta, a spokesman for the Soviet Embassy said that the Soviet Union was "definitely concerned" about what had happened, al-though it had not raised the issue

Asked whether Moscow would hing up the issie, he replied: "We will watch the situation."

"The Loubok and Sunda watervays are not as busy as the Straits of Malacca and Singapore, which provide the shortest sea routes between east Asian countries, includ-

But the Lombok and Sunda further discussion."

straits are regarded by maritime powers as important alternative

They have the additional advantage of being much deeper and less congested than the Straits of Malacca and Singapore.

For example, for safety reasons giant tankers of more than 200,000 tons carrying oil to Japan usually pass through the Lombok channel and the adjacent Makassar Straits

Both U.S. and Soviet submarines use the deep-water Indonesian straits to pass undetected between the Pacific and Indian oceans, analysts said.

In the crowded and relatively shallow Straits of Malacca and Singapore, submarines would risk col-liding or running aground unless they traveled on the surface for part of the way, the analysts added.

In a study on access by naval lowers to Southeast Asian waters, Lee Yong Leng, a professor of ge-ography at the National University of Singapore, wrote that unimpeded transit through the straits was vital for the superpowers so that they could send their naval forces "m the shortest possible time to crisis spots regardless of whether it is in a defensive or offensive capac-

Jakarta's assertion of control over straits between the more than 13,000 islands of Indonesia is based on the country's special status as an archipelagic nation. The Philippines, with more than 7,000 is lands, has also declared itself an archipelagic nation.

Both countries have asserted their sovereignty over the seas within their archipelagos to protect their national security and unity.

The Indonesian foreign minister Ali Alatas, said the Lombok and Sunda straits, bounded by Indonesian islands, had a different status than the Straits of Malacca and Singapore, which run between Indonesian territory to the south and Malaysia and Singapore to the

Indonesia, he said, does not intend to "permanently block off" its straits to international traffic. In cases of temporary closure, he said, we will provide alternative

But Mr. Evans of Australia, reflecting the views of the United States and other maritime powers, said, "We don't accept that Indonesia's sovereignry extends to any right to close at will for whatever reason particular passages whether they be unequivocally international these archipelagic sea lanes."

Speaking after talks with General Murdani and Mr. Alatas in Indonesia, Mr. Evans said he thought that "there may still be some differferences that can be worked out in

# Heiress Aided Marcoses In 'Disgust' at U.S. Acts

NEW YORK - Doris Duke post against communism?" said she put up \$5 million bail for Imelda R. Marcos because she was "disgusted, embarrassed and posted the bond "because she ashamed" with the way the U.S. knows that Mrs. Marcos didn't government had treated the former commit any crimes." Philippine first lady and her hus-

... I have always believed that an accused person is innocent until proved guilty," Miss Duke said in written response to questions submitted by the New York Daily News, published Thursday. I wish the rest of America agreed with

Miss Duke, 75, the widow of a former head of American Tobacco Co., and who was once considered to be among the richest women in the world, said she would gladly testify as a character witness for the Marcoses, whom she she considered her "dear friends."

Perdinand E Marcos and his wife, who are charged with racke-teering are accused of plundering \$103 million from the Philippine treasury, fanneling it to foreign bank accounts and using it to buy prime New York City real estate

and art and ashamed of my country's mis-treatment of Imelda and her ailing busband, Ferdinand," Miss Duke wrote. "Why should America

Her lawyer, Donald Robinson said Wednesday that Miss Duke commit any crimes.

Mrs. Marcos, 59, who has been laying in an \$1,800-a-day suite at the Waldorf Towers, did not attend Wednesday's hearing.

Her 71-year-old husband cannot leave the Hawaii island of Oahn without permission of the Justice Department, under a prior restriction. He remained in Hawaii, where the two have lived since the former president was overthrown in a popular uprising in 1986.

Defense attoriteys argued last week that he was too frail to make the 10-hour flight. Judge Keenan postponed his arraignment until Mr. Marcos could be examined by

government physician.

Assistant U.S. Attorney Charles LaBella said the examination was completed Monday but the physi-

cian's report was not ready. A lawyer for Mrs. Marcos said she planned to visit Miss Duke on her 2,700-acre (1,095-hectare) estate in New Jersey this weekend, even though she would be free to return to Hawaii as soon as the bail

paperwork was completed. The eight co-defendants cluding the Saudi financier Adnan spend millions and millions of dol- Khashoggi — remained at large lars prosecuting two people who outside the country, Mr. LaBella for a generation have been our clossaid.

# AMALFI: Italian Wedding Town

(Continued from page 1) degree of extravagance and consumption that is brought into

He had to draw the line when it became a fashion to hire an orchestra for the ceremony, but part of the cathedral's appeal is the 61 steps leading up to a spectacular portion. This allows the bride a trand entrance and lends itself to big wedding parties that arrive in grand processions.

We de not close out doors to weddings." Doo Andrea said, even when I have trouble fulfilling my other dunes because this fact has a certain value to the communi

Enzo calculates that about \$200 a guest is left in Amalfi by a first-



"Marriage has always involved a certain meeting of the sacred and the profane," he said.

Don Andrea is now taking reser

vations for 1989 weddings and many of the best weekend mornings all the way into next September are already booked.

# Top Designers Showing Modern Classics

By Suzy Menkes New York Times Service NEW YORK - With American fashion - to use Barbara Bush's assessment of herself - what you

see is what you get. New York's most influential designers are giving us sportswear easy, fail-safe pieces where the lines are squeaky clean and the look modern and wearable. Pants are the major story; skirts are mostly short. Interest comes in fabric and color, which includes sophisticated gold and silver among breezy navy and white.

Classic design needs to be con-stantly replenished. Ralph Lauren's achievement, in a very fine show, was to revisit his favorite themes - the hearth-and-homestead of Andrew Wyeth's paintings. Navajo Indian country or WASP America - and make each

Lauren did this with color, giving flowered chintz skirts a patina of age and the white tucked blouses a light crispness. Shades of pale in-cluded a butterscotch leather sarong patterned with chalky Indian drawings, shorts and blazer in clotted cream flannel and a jodhpur outfit in which an airy white organza blouse went under a cream brocade vest

Navajo blanket knits lonked like paintings when their mauve, orange and green patterns were laid

over beige chamois pants. Pants were the story right through the show. They came in the will step down at the end of simple stone or navy linen - his current contract, which extends sporty with polo shirts and newest through the 1990-1991 season.

alized from the beaded moccasin slippers to the carved ivory pins. Tender was the night, when wide

blouses with a waterfall drape. They smelled of old money, or, as Bergdorf Goodman's Dawn Mello put it: "The clothes look fresh, modern, and what's more they look

Calvin Klein made the philosophy that less is more the height of fashion. This season, his designs were so spare, so pared down, so minimal, that they might have disappeared altogether, had they oot been worn by the most succulent all-American models. Their perfectly molded bodies and loose flowing hair gave sensuality to the simple ribbed tank tops and soft washed silk pants.

New York Times Service

the music director of the New York

Philharmonic since 1978, has an-

nounced his resignation to pursue

other artistic endeavors" involv-

ing less administrative work.

NEW YORK - Zubin Mehta,

with a soft jacket, sashed like a suits and high-waist sailor pants bathrobe. Details were perfectly reand skirts studded with domed brass buttons. Snow white lace hlouses and matelot stripes in shell pink and black, as well as the inevsatin pants were worn with soft itable navy and white, were refresh-

**NEW YORK FASHION** Although Calvin Klein's hem-

Mehta to Leave N.Y. Philharmonic

lines were mostly very short, there were long washed silk skirts, some split to the thigh below tiny tank tops. They came in delicious colors: lilac, vanilla, apricot. The camisole top with wide pants was a repetitive theme, enlivened by gold and silver shoes and accessories.

Bob Mackie's collection was terrific when it was tacky and dull when he abandoned Californian glitz. Show stoppers from Hollywood's fashion king included a group of three shake-it-all-about fringed sequin dresses inspired by quake city, and a witty jacket, its body traced with freeways with ture cars racing around the The show opened on a nantical tracks. Sequined shorts outfits, cut like wet suits and colored orange.

that he might return to the Los An-

geles Philharmonic

chiffon pleats set into godets from the knees, proved that Rochm is an De la Renta played safe, showing day wear that was neat and quiet: suits and tailored coats in taupe, with matching beige hose and shoes. Navy and cream knits with gold buttons, which de la Renta did vell, are becoming a classic of this New York season. The designer also put brass buttons on bare little dresses that had crossover straps at

the hack. Other dresses were waist-

turquoise and lime, were more convincing than chiffon dresses with

Spanish religious embroideries.

Carolyne Rochm embroidered

gilded snakes and blackamoor

heads on her limpid, luxurious

sportswear. This spiced up a show that had fresh ideas among the classics. Rochm, who pulled a

glitzy audience, including designer

Oscar de la Renta (for whom she

once picked op pins) showed only

pants at the start of her collection.

They were wide-ish, and came in

red and navy under swingy tops.

High waist jump suits with gold

buttons and blouses that tied at the

midriff both drew a new propor-

tion. Slinky bias-cut evening dress-

es in navy and white stripes, or with

Mr. Mehta, 52, told the orchestra ed, full-skirted and 1950s style. of his decision at a rehearsal Wednesday. He has not announced The summer night was dark, with black chiffon cloque and lace. But color burst forth for very wide asym-metric culottes, in pink banded at his acceptance of any new position. London newspapers have reported that the London Philharmonic the ankle with stripes of cobalt blue or green. These palazzo pants, with wide tops, in fuschsia pink, teal or orange, made lighthearted, huxuri-ous evening separates. has actively sought Mr. Mehta's services, and there have been rumors

# "It was the attitude which kept the passengers happy."

This is an authentic passenger statement

Ralph Lauren took his favorite themes and made each look fresh.





# **Gorbachev Goes Shopping**

pose more or less of a threat to Westcan security? Should the West link increased trade and capital flows to good Soviet behavior in arms control, regional conflicts and human rights?

There are no obvious answers to these great questions, raised anew in response to a flurry of Soviet deals to finance consumer imports. But definitive conclusions need not be reached to see that the West's corrent presumption is right. At the modest levels now contemplated, improving economic relations with Moscow makes sense.

Mr. Gorbachev is shopping for bank loans at market rates to finance deals that will be profitable to Western enterprises. The credits promised and planned are small, and the capital transfers do not seem to involve military technology.

These steps are in the economic interests of both sides. They are being taken at a time when Moscow seems eager to end the Cold War and when even the hardest-liners, like Jeane Kirkpatrick, the former U.S. representative to the United Nations, believe the Kremlin is easing its totalitarian grip. To block economic progress at this moment in Soviet history would be perceived as

a hostile act, and rightly so.
It is possible that a Soviet economic revival, based on successful decentralization of economic decision-making would force policy makers to address the long-deferred needs of consumers. It is also

If Mikhail Gorbachev succeeds in re-forming the Soviet economy, will Moscow crease the resources available for a Soviet crease the resources available for a Soviet military buildup and an aggressive stance on regional political issues.

But the success or failure of Mr. Gorbachev's reforms will not turn on factories to make sneakers or potato chips. The sums involved, perhaps \$10 billion to \$20 billion over the next few years, are too small to make more than a symbolic difference to the trillion-dollar Soviet economy or to

threaten the stability of Western banks.

If the reforms do bear fruit, the Soviet economy will mature and international trade and capital flows will become critical to Soviet growth. By that time, however, the West should have a much better sense of hether economic success makes the Soviet Union a less threatening power.

The issue of linkage is also moot in the present context. Andrei Sakharov raises alarms about concentrating power in Mr. Gorbachev. Even so, if the West were to contrive a list of Soviet concessions in human rights, arms control and regional conflicts, it would hardly be more ambitions than Mr. Gorbachev's own reforms.

If the Gorbachev revolution continues and the Soviet Union seeks normal economic relations. Western policy makers will someday face tough decisions on how to hedge their security bets. But someday is not now Mr. Gorbachev's attempts to give Soviet consumers a sampling of Western-designed goods warrants welcome in the West.

- THE NEW YORK TIMES.

# Thatcher Is Way Wrong

When she is right, nobody is more fiercely impressive than Margaret Thatcher. And when Britain's prime minister is wrong, her real compounds the damage and embarrass-ment. Now she is spectacularly wrong with a new limit on journalistic freedom and a proposal allowing a criminal defendant's si-lence to weigh as evidence against him.

Under the new broadcast role, which she can promulgate by virtue of government licensing powers, British television and radio may report what has been said by representatives of Sinn Fein and other champions of the outlawed Irish Republican Army, but they may not broadcast the actual interviews. Supporters argue that such coverage affords the vital oxygen of publicity to terrorism. They also point out that the Irish Republic has similarly banned such coverage since 1976, and that unlike the United States, Britain has no First Amendment guarantees

against state interference with the press. Those are feeble defenses for a rule that sets so damaging an example; South Africa is now eagerly citing the British ban as justifying its own more sweeping curbs on press freedom. And beyond the considerable issue of principle, the ban creates an administrative maddle. There are, for example, 50 elected Sinn Fein city councilmen in Northern Ireland. Can none be interviewed by BBC or

independent television? That's a "gray area," admits the home secretary. Douglas Hurd, who now has to figure out answers to a thousand perplexing questions put by jour-nalists boping to make him look foolish.

In fact, putting the ban into effect may remire new armies of hurcancrats to micromanage news broadcasting. American viewers of BBC's "Yes, Minister," one of Mrs. Thatcher's favorite comedy series, are now well schooled in the self-serving wiles of the very civil servants hovering about the newsroom door. And this from a leader who decries state intervention.

In political terms, the ban may backfire. Leaders of Sinn Fein can now mischievons-ly pose as defenders of liberty. They can also point to legislation soon to be put before Parliament that would let Northern Ireland's courts take adverse account of the silence of a defendant. Doing so would erode a venerable English common law privilege against self-incrimination, one prompted by revulsion over Star Chamber

tribunals in the 17th century. Britain's good name as mother of parliaments and seedbed of political freedom is an asset more precious than the crown jewels. How hizaire for it to be tamished by

- THE NEW YORK TIMES.

# A Peacemaker, Please

bestow upon a grateful America would be a period of rest on social issues - a respite in which he used his office to civilize and calm and turn down, not magnify, the volume of debate on race and sex, affirmative action, abortion, church vs. state, civil liberties vs. law enforcement and all the other take-no-

prisoners questions of the last eight years. We say that not in behalf of certain policy outcomes, but to restore possibilities and values - pluralism, tolerance, reasoned discourse, compromise, middle ground — that have been all but driven from the field by the hard-eyed zeal, suspicious, bitterness and knee-jerk solidarity on right and left that have come to characterize the times.

Much of the preferential enterprise that goes by the name of affirmative action is an extreme remedy, a kind of chemotherapy to be used only with great care for limited purposes and limited periods of time. What should those limits be? That will never be an easy question. It becomes all the harder when one side — its intentions suspect, given its indifference to racial injustice over the years - now speaks only and grandly of the imperatives of a color-blind society, while the other side labels every hesitation as racist or sexist, and shows little awareness of the dangers that lurk in granting government an open-ended mandate to make its choices and fispense or withhold its advantage on the basis of gender, ethnic background or race.

The debate over abortion has become similarly strident and reflexive. Dueling orthodones have grown up within the two politi-cal parties, reducing the suppleness that is their virtue. They are enforced at every level of debate, even in the appointment of judges.

issue of conscience, but it has become some thing else in our politics. Both parties have

lost much of value on this account. The church-state issue has become similar ly gnarled almost beyond recognition, one side advocating not merely prayer but shifts in what is taught in the public schools, the other fearful even of supporting day care in church basements, though acknowledging that the need for it is great and the churche

are among the better places that supply it. As to civil liberties, you need only look to the drug bill that a grandstanding Congress just passed. For a long time the Constitu tion was in greater jeopardy from this bill than the drug trade will ever be. Only the urge to adjourn and the American Civil Liberties Union rescued the legislation.

The point is not that the contending sides on any of these issues should abandon their convictions. The debates will not disappear. The question is the role of the preside refereeing and moderating them. Does be act to exacerbate and further to politicize these social and cultural questions, or does be seek to ease the tensions they reflect? A president does not have enormous authority to act directly in many of these areas. But he can profoundly affect them, not just by his choice of judges, his countenancing of sotions by his departmental and agency heads or his interventions in legislation. He can affect them by his speech, tone, example and, yes, leadership. The area may seem fuzzy and clusive, but it is as important as any in which the next president will have an influence and an obligation to function as a restorer of

civility and reason, a peacemaker. - THE WASHINGTON POST.

# Other Comment

# What Reagan Achieved

Ronald Reagan, above all, transformed the climate of arms control negotiations. He owed some of the credit for that to Mikhail Gorbachev. But the two men had an entirely different approach to muclear policy. Mr. Gorbachev was a pragmatist Mr. Reagan was an idealist who, in the words of Henry Kissinger, "genunciy hoped to write the end," to the miclear weapons age.

He did not do that. But — if at the

expense of alarming his European allies over the INF treaty—he took the world off the hair-trigger of nuclear alert. A major component of his success was his persistence in deploying intermediate nuclear forces until the Soviets were brought by the twin-track" technique to the negotiating table. In consequence he left the world a calmer place than it was when he was elected. That is a magnificent achievement.

- John Keegan, writing in The Daily Telegraph (London).

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# Save the Whales, But Keep an Eye On the Humans

By Sadruddin Aga Khan and Sir Peter Scott

GENEVA — So the whales are thought to have escaped the Arctic ice floes. The television cameras have gone as well. We can now settle down and wait for the next media tizzy over some unusual happening in the animal kinedom.

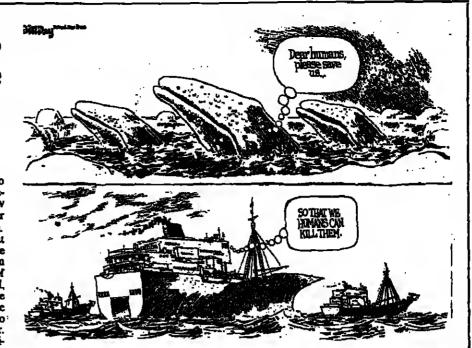
But there are lessons to be drawn from what happened near Barrow, Alaska. During the three weeks it took to free the two whales — at an estimated cost of \$1.3 million - hundreds of people died of hunger in Africa. And in the end, the whales may well be britchered by some of the men who helped save them - particularly since the two great creatures, now accustomed to

man's presence, may not recognize their danger.

How wrong they are. Under the guise of "scientific" whaling, Iceland, Japan, South Korea,
Norway and assorted pirate ships continue to
butcher more than 6,000 whales a year. The
powerful Japan Whaling Association spends
nearly as much in advertising and lobbying as it
costs to maintain Japan's aging whaling fleet.
And on the other side of the world, the Færoe
Islanders continue their slamphter of pilot whales. Islanders continue their slaughter of pilot whales. Where is the concern for these thousands of whales? Do they not deserve even a fraction of the attention their Alaskan brethren received?

This is not the first time paradox and irony have prevailed, nor the last. While the world was waiting breathlessly for news of the ice-bound mammals, Japanese scientists at Hokksido Uniharmans, paperese scientists at norkesulo Uni-versity were developing plans to raise, milk and harvest whales in freshwater ponds — the ulti-mate achievement in mass breeding. Hisao Izawa, the professor of veterinary medi-

cine who led the research, says that "whales are, so to speak, cattle in water without feet." Like cattle, he plans to feed them grass, after implanting in their stomachs a cellulose-digesting microbe found in cattle stomachs. The result would



be plentiful whale milk — though a market would have to be developed for it (at present, baby whales are the only known consumers). Meanwhile, stocks of meat and powdered milk

keep growing in the industrialized nations.

The consequences of this whale farming scheme would be sadly absurd. Would conservationists drop whales from their endangered-spe-cies lists, or would there he one list for saltwater and another for freshwater whales? Would the International Whaling Commission change its name to the International Cattle-in-Water-Without-Feet Commission? Come on.

Isn't it about time to apply the brakes? Fooling around with nature and indulging in Frankenstein genetics will not produce the kind of world we can kindly hand over to our children. The message from the Arctic is a different one.

For a while, as people watched their television screens, they sensed that time was standing still.

Great leviathans from the primeval depths had brought once-divided men together. Eskimo hunters laid down their harpoons and used

chainsaws, aided by Greenneace activists. American helicopters and Soviet icebreakers raced to the rescue. President Reagan called the U.S. navy

captain in charge to convey his personal support.

Moby Dick would have been amused.

But the point, surely, is this: We are all custodians of the whales and of all other living species. We want these to remain what they are meant to be—a part of the great magic miracle of life. Not just the ruthlessly hunted targets of whalers. Not just manipulated, grass-eating, freshwater consumer products for Japanese supermarkets.
George Bernard Shaw said: "If other planets

are inhabited, then surely they must have chosen the Earth as their lunatic asylum. Why does man persist in behaving as if he were nature's only mistake?"

Prince Sadruddin Aga Khan is international vice president of the World Wide Fund for Nature (WWF) International, Sir Peter Scott, the naturalist and painter, is its founding chairman. They contrib-uted this to the International Herald Tribune.

# Cambodia: When It's Late and the Visitors Won't Leave

By Frederick Z. Brown

The Better to Eat You With

them up with low-interest loans and liberal lines of credit.

As the Soviet-bloc countries experience serious economic problems, their leaders are turning for relief not to the principles of Marx but of the capitalistic West. Western bankers seem all too willing to prop

Moscow has accepted billions of dollars in new credit from Italian and

West German banks and is negotiating for more from Japan and Britain. Prime Minister Ciriaco De Mita of Italy has gone so far as to recommend a new "Marshall Plan" for Eastern Europe and the Soviet Union. And

Chancellor Helmut Kohl of West Germany has said his country wants to

be "full partners" in the success of perestroika.

The question is, why does the West want to help restore a dangerous bear to full health — the better for the Soviets to cat us, my dear?

Before any loans, credits or economic incentives are extended to the

Soviet bloc, there ought to be some substantial changes, such as real

progress on human rights and sharp curtailment in expansionism.

Perestroika notwithstanding, Soviet defense spending has doubled under Mr. Gorbachev. The defense budget would be the first place to cut if the Soviets were serious about domestic economic reforms.

Roger W. Robinson, former director for international economic affairs at

the National Security Council, sees a danger of the West underwitting the cost of communist expansion around the world. "If you make the assump-

tion," he says, "that the Soviet Union's hard currency income, 80 to 90

percent of which is derived from oil, gas, arms and gold, is earmarked for just two purposes, to pay for imports from the West and debt-service requirements, then you would be in a situation where virtually 100 percent

of the hard currency requirements to maintain a global empire from Managna to Hanoi were financed on Western capital markets."

Western banks are taking the risks away from the Soviets and transfer-

ring them to Western bank depositors. Banks are pricing their credit (as

low as 7 percent for 10 years in the Italians' case) not on the basis of Soviet ability to repay but on the economic strength of Western govern-ments. The banks can't lose, because Western governments guarantee the

loans. But the taxpayers can lose —and the free world could lose as well.

WASHINGTON - On Satur-W day, Prince Norodom Siha-nouk, the exiled leader of the Camfight, talk-talk" process presents inpalatable realities.

The Khmer Rouge cannot be divided into "military" and "political" bodian resistance, is to sit down in Paris with Hun Sen, the prime minister of the Vietnamese-backed Peo-ple's Republic of Kampuchea, to talk about ending the conflict in components. The movement remains fanalically committed to the unity of politics and military action. Khmer Reuge guerrillas have abducted Cambodia, now in its 10th year.

After meeting with Hun Sen in
December and January, Prince Sihanouk resigned as bead of the coalimany thousands of civilians from ref-ngee camps in Thailand for forced service inside Cambodia. They attack tion representing the resistance. their non-Communist coalition part-

ners just as they attack the Vietnam-

ese occupiers. They are storing sup-

Captured Khmer Rouge docu-

ments, written about two years ago,

reveal the intent to retake power us-

ing whatever deceitful means are nec-

new coalition government. Even if Pol Pot and other top lead-ers directly responsible for the killing

and other excesses of the '70s are

ary, including participation in a

plies for a future civil war.

He blamed his partners in the group - the Khmer Rouge and the non-Communist Khmer People's National Liberation Front — saying they had tried to undermine his efforts. He later withdrew his resignation.

But in July, all four Cambodian factions managed to come together in-Indonesia for informal talks on the parameters of a political settlement. They were joined by representatives of Vietnam, Laos and ASEAN, the Association of South East Asian Nations. This began a series of multilateral discussions that parallels Prince Sihanouk's personal gambit with Hum Sen. The whole process could evolve into a broader international

conference next year. But profound disagreement remains on fundamental issues: a firm timetable for withdrawal of Victnamese troops; how to control the Khmer Rouge, the sequence for replacing Cambodia with a government of national reconciliation; how elections should be held; and how to combine There has been talk of possible roles for the United Nations, an interna-tional peacekeeping force or an international control commission. None of this makes sense unless the Cambodian parties and their patrons

agree on a political solution. The Cambodian drama has, none theless, moved into a new phase. While Prince Sihanouk does not expect the Paris meeting to yield definitive results, the fact it is taking place is a tribute to his unorthodox diplomatic skills, and it enlarges his probable role in any political settlement.

In Washington recently, President Reagan told the prince that the United States would increase political and material support to the two non-Commanist groups in the resistance. Mr. Reagan was, in effect, committing the next administration to strengthen the hands of those groups during the mul-titrack negotiations. Still, for the United States and ASEAN, this "fightexiled to China, as has been pro-posed, the Khmer Rouge will be no less a threat. It is difficult to imagine that only the top half-dozen Khmer

Rouge leaders are dangerous. The Khmer Rouge army is 40,000-strong, and entrenched in the countryside. Prince Sihanouk and Hum Sen say that the Khmer Ronge rank and file should be part of the reconciliation process. Tactically, this makes sense, but only if China cuts its supply line and Thailand refuses the Khmer Rouge sanctuary. Moreover, in a reconciliation government, if the Khmer Rouge were disruptive or returned to the jungle, they could pursue civil war indefinitely, regardless of where Pol Pot and his henchmen were located.

The current Phnom Penh government, meanwhile, may gain sufficient political strength and prestige to dom-mate a coalition government of recon-ciliation. While Vietnam, its economy

in tatters, is under pressure to end the Cambodian occupation and establish normal political and economic rela-tions with the West and ASEAN, Hanois overriding security concern is to have a friendly regime in Phnom Penh. To that end, Vietnam has been busy strengthening the Phnom Penh admin-istration and army, cementing party-

to-party relations and spurring the re-tion to Cambodia of thousands of Vietnamese who once lived there but were driven out in the 1970s. Slowly, the Phnom Penh government is achieving a degree of legitimacy at home and abroad, despite ASEAN and Western efforts. Vietnam believes that by 1990 the government could hold its own in a coalition—perhaps even dominate it—if the international community guarantees a settlement and keeps the Khmer Rouge at bay.

Prince Sihanouk's position may begin to crode. More material aid, including arms; will improve his bargaining position; but in the long run, dedication, organization, training and discipline will be decisive. These take

plied by foreigners.
The prince and his non-Communist colleagues have started to create the essential conditions for their future survival in a coelition with Marxist ists. Neither ASEAN por the United States appears to have considered how political pluralism can be guaranteed in a compromise settlement, particularly if Prince Sibanouk, who is 66, leaves the scene.

ASEAN and the United States must think about the future role of Vietnam in Indochina. Victnamese influence in Cambodian affairs will continue. But it is unclear how much would be acceptable to ASEAN, China and the United States. Hanor's opponents have insisted on the complete withdrawal of Victnamese forces before a political settlement can be reached But is a total pullout feasible as long as a Khmer Rouge comeback looms?

And even if a coalition government were formed, it is unlikely that the Hanoi-backed government would simply dissolve, or that its connec-

ist nations would dissipate. The question is not how much Vietnamese influence over Cambodia the interested non-Communist countries are prepared to tolerate, but what they are prepared to do to limit it. Until now, the answer has been to let China and the Klimer Rouge forcibly oppose the Vietnamese occupation. Once Hanoi withdraws its troops, this approach will no longer suffice as a framework for resolving the larger is sues that must be part of a durable settlement of the Cambodian conflict.

The writer, a senior associate at the Carnegie Endowment for Interna al Peace, recently returned from four weeks in Vietnam and Cambodia. He contributed this comment to the Inter-national Herald Tribune.

# What About The S&Ls, Mr. Bush?

By Hobart Rowen

WASHINGTON — The most pressing domestic economic problem facing the next U.S. president almost surely will be the crisis in the savings and loan industry, measured in terms of a potential \$50 billion to \$100 billion taxpayer bailout.
The S&L crisis makes a hollow joke

of the "peace and prosperity" theme of the Bush campaign. Michael Dukakis, the Democratic presidential candi-date, struck hard and accurately when

be said a few days ago:
"It didn't have to happen. The
Reagan-Bush administration allowed
thrifts to set aside the business of financing affordable homes, and plunge headfirst into risky specula-tion. And then they relaxed the over-

tion. And then they relaxed the oversight designed to protect depositors
at savings and loans.

A second frightening prospect is
another stock market collapse, perhaps precipitated by a resurgence of
highly leveraged corporate takeovers.
In these buyouts, the purchasers, often without outside collateral of then
own, get the money by selling highinterest junk bonds." Come the next
recession some companies with himse." recession, some companies with huge!

debt loads are sure to go under.

"When you see the biggest companies in the country leveraged to the
hilt that's pretty scary, because scotter
or later, a big part of the economy is siting on a precipice of debt," Robert Gordon, a professional money manag-er, told the Wall Street Journal. All of these events - a series of S&L failnancial markets more and more have been left to their own devices. Deregu-lation has been the magic banner of the Reagan administration, the ideo-logical nostrum for almost all ills.

James Baker, the manager of

George Bush's campaign, found out quickly after he took over the Treasury-from Donald Regan that it was not wise to leave the international value of the dollar to the speculative wishes of the foreign exchange markets. Unfor-3, tunately, Mr. Baker did not apply the same logic to domestic financial affairs. Through its overcommitment to free markets, the Reagan administra-

tion legitimized greed.

Whatever the benefits the public may have gained from higher interest rates and expanded financial ser-vices, the price has been enormous; a progressive collapse of banks and S&Ls that have been weakened by

imprudent oil, agriculture, real estate and Third World investments.

How did deregulation turn litto such a negative force? Performance, not safety, became the byword. There was a bluming of the lines between various kinds of financial institutions, including banks insurance, well estate. including banks, insurance, real estate and brokerage companies. This "crossertilization," as Henry Kanfman describes it, induces speculation.

To prevent S&Ls and banks from funds and other new, deregulated "products" that paid higher interest rates. Congress was induced in 1980 to adopt the Depository Institutions Deregulation Act. That law phased out ceilings on interest rates.

By 1986, they were gone. S&L manag-ess, formerly restricted to financing home mortgages, could move into riskier investments. Federal insurance up to \$100,000 per savings account. nated the need for prudence. The Dukakis campaign correctly notes that Vice President Bush, who headed a Reagan task force on deregulation from 1982 to 1984, never foresaw the savings and loan prob-lem, though thrift collapses were

Bush campaign pretends that there is no need to worry. Meanwhile, soon after the anniversary of the stock market collapse of Oct. 19, 1987, Wall Street has a new case of the jitters following the \$13.1, billion takeover by Philip Morris of Kraft Inc. That huge deal probably foreshadows a flood of new junk bond offerings that will pile new corporate

multiplying even then. And now the

debt on an already big mountain.

In dealing with the S&L crisis, consideration should be given to restoring interest-rate ceilings, and to phasing down the \$100,000 insurance on accounts in banks and S&Ls. Mr. Dukakis is thought to be sympathetic to a suggestion of Paul Voicker, the former Fed chairman, that corporate raiders using junk bonds be required to put up some outside collateral. A more radical solution, suggested by his succes-sor, Alan Greenspan, would be a con-gressional limit —or ban —on the tax ductibility of interest on money bor-

rowed to finance takeovers. The bottom line is that a hard look is needed at America's blind devotion to deregulated markets. The Washington Post.

# 100, 75 AND 50 YEARS AGO

1888: Imperial Escape

ST. PETERSBURG - The narrow escape of the Czar and the Imperial Family in the accident to the Imperial train at Borki continues to cause great excitement. People do not understand why the Court Minister tried to conceal the affair. Thanks to this gen Russian system of concealment, the wildest reports have free play, and it has been asserted that the catastrophe was due to a Nihilist plot. But these reports are unfounded. Twenty-one persons were killed in the accident.

1913: Claims on Africa

BERLIN - The Anglo-German negotiations regarding the Portuguese possessions in Africa seem to be takng shape. According to data from one source, a new agreement between Great Britain and Germany will be reached on the following terms: (i) Germany will abandon all intentions ou Mozambique. (2) Great Britain

gola. (3) Great Britain will grant Germany a given contribution for the construction of the railway from Lobido Bay to Katanga. (4) The agreement will in no way affect Portugal's sover-eignty. The Lobido railway will cross the whole of Africa from west to cast, thus lanking up Germany's colony in East Africa with the Atlantic.

1938: Il Duce for Islam

TRIPOLI — A colossal equestrian stame of il Duce, brandishing the Sword of Islam, was unveiled today [Nov. 3] by Marshal Baibo, Governor General of Libya, in the presence of 18,000 colonists making their firstly contact with African soil. Il Duce's bronze statue stands in the main bronze staine stands in the main square of Tripoli, the horse is a spirited Arab. With their gay handkerchiefs around their necks and waving flags, the colonists made a colonist picture. Marshal Balbo renewed the Duce's promise that the Sword of Iswill leave Germany quite free to carry lam would protect Arabs and Berbers.

# On Old Times With Imelda and Ferdie

D EAR Imelda Marcos: Welcome back to New York City, where it all started for Ferdie and you some 25 years ago, when he sought the Philippine presidency.

The two of you never gave New York its proper place in Philippine history. In fact you won the presidency by denying right down to election day the existence of our "New York strategy." So now that you're here again, this time to face racketeering rges in federal court, it's time to set the record straight.

By the way, I hope you don't mind calling your husband Ferdie. That's what you both asked me to call him back in 1962 in Manila, when we sat around your dining room table mapping out plans to fulfill his dream oming president. How refreshing it was for me then to hear you talk about democracy in Asia and to listen to your pledge to clean up the graft and corruption that had existed in your country since its independence.

It seems like only yesterday when you, Ferdie and I paraded around the streets of New York visiting every editorial board that would see you. You and Ferdie gave interviews to every journalist I came up with who had an tral Intelligence Agency bought evinterest in your country. It wasn't easy then. After all, Ferdie was a relatively obscure senator. To me, though, he was an extraordinary politician who I was convinced would go down in history as a great president. I was honored that I could help. a Victory" as gospel. The CIA even

By Leonard Saffir

Remember those young women at Finch College in New York City who were moved to the edges of their seats with Ferdie's dynamic talk about the Philippines? Well, it all worked. You made beadlines back in the Philippines. Every word you attered in New York was on the front pages of your

country's newspapers. But we both really know what ultimately defeated your opponent, the incumbent president, Diosdado Macapagal. It was Ferdie's biography, "For Every Tear a Victory," written by the best-selling author Hartzell Spence and published by McGraw-Hill in New York in 1964.

Never has a political campaign been conducted on one issue - a book — as it was in your case, in 1965. Everyone in the Philippines read it. There were editions in every language. And for those who couldn't read, but could still vote, there was the movie made from the book. Mr. Spence made Ferdie a hero, just as

you had orchestrated it. You probably know how the Cenerything in the Spence book, hook, line and sinker. After all, Mr. Spence was a well-respected journalist. All the American government agencies, turned against the candidacy of the former vice president, Emmanual Palaez, who was opposing Ferdie at the time. Instead, America's intelligence

- Syndicated columnist Cal Thomas.

folk started pushing Ferdie.

By the way, when you're in New York maybe you'll get a chance to see Mr. Palaez. He is now your country's ambassador to Washing Well, on the occasion of your visit to

New York, let the record show that "For Every Tear a Victory." the book that won Ferdie the presidency, the book the two of you have always maintained no involvement with will go down in history as the world's most successful vanity publishing venture. I'll never forget that Ferdie threat-ened to have me killed if I revealed

that he paid Hartzell Spence \$15,000 to write the book and guaranteed the sale of 10,000 copies to McGraw-Hill. I kept your secret because I be-lieved in him. And what you don't know is that I kept the secret even after two agents of Mr. Macapage offered to buy my story for \$50,000. I've just looked at Mr. Spence's inscription in my copy of his book. He wrote: "To Lennie, who also suf-fered. Hartzell 8/16/64."

I suffer no more Regards to Ferdie.

The writer, executive vice president of Porter Novelli, a public relations firm, is president of the Overseas Press Club of America. He contributed this comm to The New York Times.

صكذامن الأصل

# **OPINION**

# . There Will Be No Peace, And the Israelis Will Pay

By Anthony Lewis

will rule the 1.7 million Palestinians of the West Bank and Gaza by force. Resistance will continue, and terrorism increase. Israel will respond with great-er, repression, spending not only its financial but its moral capital to keep the occupied territories.

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at About

Hobart Rowen

Sing domestic economics with the same the next U.S. productive will be the criss of a potential \$50 billion to taxpayer ballous

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g affordable home.

That is the prospect after the Israeli election. To put it so starkly is jarring, but it is the reality. Indeed, it may un-derstate the grunness of the implications occatic presidential of for the future of Israel

The result was a virtual deadlock between Likud on the right and Labor on the left. But small parties on the extreme right made gains, as did the religious parties. In all likelihood, , Prime Minister Yitzhak Shamir of the Likud bloc will be able to form

a governing coalition.
Mr. Shamir has said again and again, in the most rigid language, that be will not give up an inch of the West Bank or the Gaza Strip. There are some younger figures in Likud who see Palestinian reality, but any modest voice they may have is going to be drowned out now by the right.

One fact tells the story. Tehiya, a party of the far right, lost votes this time

recause it did not call for "population ansier — a suphemism for driving the Palestinians out of the West Bank and Gaza, Two parties that favor forcible expulsion gained seats. And so did the a big part of the come orthodox parties that increasingly speak for a religious-nationalist view of hold-

ing onto the territories. Mr. Shamir has always said he is ready to negotiate with any Arab state. But, given his view, there is nothing to negotiate about. King Hussein of Jor-dan has no reason to go to a negotiation whose stated purpose would be to ratify Israeli sovereignty over the West Bank. Neither do the Palestinians in the territories, who have made resoundingly clear over the last 10 months that they will not accept their present status as people without rights, without their national identity. So Israel will continue to rule those

Palestinians against their will. The strain eign exchange market. Ly phatoputs on Israeli society is enormous: ogic to domestic finance to control a hostile indigenous popula brough its overcommine tion of 1.7 million. It is as if the United States set out to rule 100 million people of another culture and national identity.

primized greed. The message of the election will not be lost on the Palestinians. Those who and expanded finance: had begun to think in terms of a political the price has been enome serve collapse of backs that have been weaker solution - accepting Israel's permaneace and living alongside it in a Palestinian ministate — will despair. The bard men will gain influence. dent oil, agriculture reas

Already the political hope of the Paifinancial incur

B OSTON — There will be no peace. bombed a bus on the West Bank, killing an Israeli woman and her three children. That is the past and the likely future, outrage breeding Israeli fear, fear breeding hate, the cycle of violence going on. One can see no end without leadership willing to face reality, but where is that leadership? Shimon Peres, the Labor Party leader, ran a campaign that never squarely faced the need to deal politically with the Palestinians. The PLO stalled and evaded the need

for a political initiative toward Israel.

The American president? He bas been

invisible on the issue for years.

Someday, perhaps, there will be a leader in Israel or the United States with the courage to tell Israelis and their American friends the truth: that the cost of ruling another people in the West Bank and Gaza is destroying Israel, that the least bad of all the options is to seek at the same time self-determination for the Palestinians and security for Israel.

But someday may be too late. Yehoshafat Harkabi, the former Israeli chief of intelligence, has a gripping book due out in the United States shortly, "Israel's Fateful Hour." In it be erns of what the failure to settle the conflict may do to Israel.



"Terrorism and civil insurrection will get worse," he writes, "and consequently so will the repressive measures against Arabs on both sides of Israel's pre-1967 borders. Extremist Jewish religious nationalism, with its hostility toward non-Jews, will also intensify."

He adds: "Turning the conflict into a zero-sum game, a struggle in which there must be a victor and a vanquished - whether intentionally, as the Arab extremists wish, or by an unwillingness to compromise, as the Jewish extremists are doing — is fraught with danger.

Continued conflict may doom the Arabs to backwardness and destroy part of their lands, but it threatens Israel's very existence.'

After this election, General Harkabi

must know how Cassandra felt. The New York Times.

### LETTERS TO THE EDITOR

### Munich 1938: Its 'Lesson' and What a Year Wrought

Norman Podhoretz neglects in his opinion column to observe that the failure to accommodate national aspirations was the cause of World War I. The "lesson" of Munich, 1938, is of no more use to us than the "lesson" of Sarajevo was to Neville Chamberlain. The public is right to question it and its corollary of

and leaders toward Hitlerism than some ostensible pacifism. Hitler's ideas and values were widely shared and approved at the time. Why shouldn't he have been trusted? Because he was a racist? Nationalist? Anti-Semitic? Anti-Communist? Authoritarian? Munich happened because the elites refused to believe those who said Hitler would wage war, because he was so much like them, if perhaps a bit "extreme." A better lesson might be drawn from Munich - make sure that your elite loves democracy and equality enough to know who its enemies are.

As to Mr. Podhoretz's contention that the policy of peace through strength has prevented World War III, of what magworld investment Alleady the pointed nope of the Paiprevented world war III, of what magmitted deregulation may estiman uprising, getting no response,
had begun to run into the sand. Just
before the election there was an appallbefore the election there was an appallmore bombs dropped and more money nitude must the casualties be before he feels global conflict has broken out?

Regarding "Munich 1938: The Lesson spent in the regional wars of the past 43 About Military Strength Stands" (Oct. 21): years than in both "world" wars. TRACY DANISON. Suresnes, France.

In "Munich, 1938: What Might Have Been" (Opinion, Sept. 24), William Pfaff implies that the year from September 1938 to September 1939 did not change much. But the Allies outspent the Axis vastly, narrowed the military gap, and "peace through strength."

Appeasement likely owes more to the positive attitude of Western intellectuals most importantly, the year gave Britain time to complete the chain of radar bases that played such a vital role in the Battle of Britain. While England might have won the air war anyway, there

> perhaps even a Nazi invasion. Albeit unwittingly, Neville Chamber-lain's actions at Munich provided the Allies a greater opportunity for a decisive victory over the Axis in the end. C. EDMUND CLINGAN.

would have been far more suffering.

Munich was a striking example of what catastrophes befall us if we forget the lessons of history and repeat old mistakes. If short-memoried liberals had had their way, totalitarianism, Holocausts and Gulags would have spread all over the world by now.

RALF THILEN. Ramsey, New Jersey.

### **Ducking a Trade Match**

Regarding "French Stance on Autos Vexes EC" (Business/Finance, Sept. 9): For years the French have been block-

ing — through every conceivable means, fair or unfair — the import of foreign cars, from Asia and until recently from the rest of Europe, too. What place did the French automotive industry hold in the world 20 or 30 years

ago, and what place does it hold today? People who would laugh at the idea of somebody wanting to become next year's world boxing champion and training only with amateurs at a backcountry gym gladly advocate protectionism for fullfledged industries, which is no lesser folly. M. ANDRÉ.

Vincennes, France.

### From Seoul to Nicosia

Congratulations for the marvelous job you did covering the Olympics. For people like us in Cyprus, an island where television reception is a problem, the IHT provided reliable and complete daily coverage, with stunning photographs. CATHERINE GRANDJACQUES.

### Decided, Thanks to Bush

In among the fabrications, half-truths and nonissues (the Pledge of Alle-

giance), George Bush has, in far greater detail than Michael Dukakis, defined his differences with his opponent in the U.S. presidential race. There is, therefore, no further question in my mind as to why I shall be voting for Mr. Dukakis. DONALD ARTHUR.

### A Field Day for Journalists

The story of Ben Johnson, the Canadian sprinter who tested positive for steroid use, has allowed journalists throughout the world to write on such topics as honor, greed, pride, disap-pointment, ethics, Canadian nationalism, victory, sacrifice and shame (not to mention sport and drugs), and to sound very eloquent indeed.

Perhaps the journalistic commun-ity could award Mr. Johnson a medal in appreciation of the unique opportunity be presented it?

> KEVIN MOORE. Antwerp.

### For Wallenberg's Sake

A. M. Rosenthal's "Keep Pressing, Say Soviets Who Know" (Opinion, Oct. 1-2) was persuasive. It is time to ask the new Soviet leadership about Raoul Wallenberg. The world must care for this man. E PRISENDER

Basel, Switzerland.

# Enter Fortinbras's Army, Behind Plexiglas Shields

By Janusz Glowacki

rectors and artists sensed their time, has been played in dozens of ways: a criminal melodrama, a drama of metaphysics, a lesson in Viennese psychoanalysis or an internal passion play.

At the end of the 20th century, "Ham-

### MEANWHILE

let" once again looks beyond the man to the state of the nation, and seethes with politics. As recently directed by Ingmar Bergman, it is less about a young man's inner struggles than about a nation's collapse, about what Bergman feels lies behind the prosperity in the West, about the political and moral circumstances that drive a man mad. That "something is rotten in the state of Denmark" has seldom been shown with such force.

But the meaning of this capacious play also depends on the andience that sees it. "Hamlet" staged in the Mark Taper Forum in Los Angeles means something quite different from "Ham-let" staged in the Taganka Theater in Moscow. It has a different meaning in Kansas City and yet another in Armenia. In 1980, just before the founding of Solidarity in Poland, I went to "Hamlet" in Warsaw. The hero's observation in Act II that "Denmark is a prison" pro-

voked enthusiastic applause. We do not know if Queen Elizabeth I liked the first production of "Hamlet," but surely the Elsinore Court and the murderer on the throne might not have appeared completely exotic. The times were hard. She herself ordered more than 1.000 heads cut off. The queen must have appreciated the fact that the promising young playwright showed sufficient political maturity to set the action of the play in Denmark.

In more recent times, neither Hitler nor Stalin liked "Hamlet" very much. Of course, both of them being serious states-men, they did not consider the possibility that someone might identify them with the murderous King Claudius, Still, they were very irritated by the play's overly intellectual protagonist, who talks too much and does too little. While Hermann Göring eventually permitted his favorite actor, Gustaf Grundgens, to stage "Hamlet" in Berlin, the production had a hero that the Third Reich could be proud of: dynamic, a man of action and, most im-

portant, a full-blooded Nordic. In the 1930s, the great Soviet theater director Vsevolod Meyerhold had a very

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Let-ters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

N EW YORK — Shakespeare's interesting idea. He wanted to show the duality of Hamlet by casting two actors in the role. One would symbolize action, the other reflection. Meyerhold, in the end, did not stage "Hamlet." He was arrested in 1938 for refusing to submit to Soviet constraints on artistic expression and was executed.

If Hamlet appeared on the political arena in this year's U.S. presidential campaign, which interpretation would be chosen by analysts as most attractive to American voters? The fact that Hamlet talks too much and does too little would not pose an obstacle. But he would be eliminated from the race because of his extramarital affair with Ophelia.

In Ingmar Bergman's production, the Swedish actor Peter Stormare played Hamlet in a black turtleneck sweater, sun glasses and a black rubber coat. He would not stand a chance in a presidential debate: For too long he was too close to power to preserve even a trace of inno-

cence or a bit of illusion.

At the University of Wittenberg, he had read the Manifesto of the Red Brigades and learned how to use a stiletto This is a Hamlet who drags the wounded Polonius roughly from behind the curtain and finishes him off with great expertise. He has been sleeping with Ophelia regularly and has observed Fortinbras with interest. This episodic figure of the Norwegian prince has for centuries been very important to Shakespeare's "Hamlet." Moments after Hamlet's death, the Norwegian army enters Elsinore: On Fortinbras depends the future of Denmark.

In the shocking final moments of Berg-man's "Hamlet," Fortinbras's army enters by demolishing the back wall of the stage, carrying machine guns and boom boxes that blast a deafening roar of hard rock music. On their heads they are wearing black helmets with Plexiglas shields. They are a cross between Middle East terrorists, New York City crack dealers and South American guerrillas. Expertly, they toss corpses into a common grave, followed by the furniture.

Obeying Hamlet's dying request, Ho-ratio tries to explain to Fortinbras what has been going on in Denmark. Fortinbras orders Horatio shot, Denmark is finished. There is nothing to talk about. America has not had any experience of the loss of independence, foreign armies or occupation. In most American stagings of "Hamlet," the character of Fortinbras never amounted to much. In many productions, he was simply cut

out from the play to reduce the budget.

The audience at the Brooklyn Academy of Music received the entry of Fortinbras's army with carefree laughter. Not me. I belong to the nervous generation. But I hope they are right in seeing this Hamlet's ending as science fiction.

The writer is a Polish playwright and novelist. He contributed this comment to The New York Times.

# U.S. ELECTION

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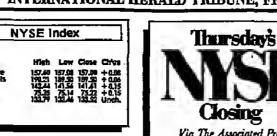
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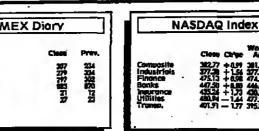
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AMEX Stock Index

# Dow Up, Despite Late Retreat

NEW YORK — Despite a sharp pullback in the final hour, prices on the New York Stock Exchange advanced Thursday in moderate trading as takeover stocks once again dominated market activity.

"The market appeared to find support at the 2,140 area, and we could be seeing a mini pre-election rally," Mr. Goldman said.

Despite the modest advance, Mr. Goldman said the market "remained on this ice." ed market activity.

The Dow Jones industrial average rose 13.51 to close at 2,170.34. The 30-stock index was ahead more than 20 points less than an hour before the close. The Dow had risen 5.87 on Wednesday.

Advances led declines by about a 7-6 ratio. Volume was 152.98 million shares, down from 161.3 million traded Wednesday.

Broader market indexes managed only slight gains. The NYSE composite index rose 0.08 to close at 157.08. Standard & Poor's 500-stock index rose 0.14 to 279.20. The price of an average share added 2 cents.

"It was a relatively quiet session with the exception of the Dow, which was helped along by such consumer stocks as Sears, Woolworth and Procter & Gamble," said Dennis Jarrett, a market analyst with Kidder, Peabody & Co.

"They were generally the driving force all day long. Then in the final hour we had some futures related selling that brought up had

futures-related selling that brought us back from session highs. Overall, the activity cen-tered on select situations," he said.

"We did get a little bounce in the early going and that was due to the market's ability

Wednesday to survive a background that was generally negative," said Al Goldman, market strategist with A.G. Edwards & Sons in St. Louis, Missouri, noting Wednesday's weakness in bonds and the dollar,

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said the market "remained on thin ice," because the nine-week rally had been led by "takeover mania" and had not produced significant breadth or strong leadership.

As for Friday's scheduled release of October

mployment data, Mr. Goldman said the unemployment data, Mr. Goldman said the report could result in a "no-win situation."

"If the numbers show a drop, rather than easing fears of overheating, they could indicate a recession sometime next year," he said. "Add the dollar's decline to that, and we could have the worst of all worlds."

"We could have a sluggish economy. And we could see the Fed forced to tighten to support the dollar," Mr. Goldman said. "Concerns like that are why there is no serious investment in stocks other than the same playing."

stocks other than the game playing."

Sears was the most active issue, up 3 to 46, on

takeover rumors.

RJR Nabisco followed, up ¼ to 87, after the company's senior management offered \$92-a-share in cash and securities in a bid to top Kohlberg Kravis Roberts & Co.'s \$90-a-share tender offer.

American Electric Power was third. changed at 284. AT&T added 1/2 to 28%. IBM fell 1/2 to 1221/4. Among the blue chips, General Electric was 46%, General Motors was off % to 84%, Merck was off % to 58%, Woolworth was up 1% to 54% and Procter & Gamble was up 1 to 84%.

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Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

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# TRAVELER'S **CHOICE**

International Herald Tribune

A Tribute for the Armistice

The Armistice Festival, an international artistic tribote to the generation who lost their lives in World War I, will include several weeks of theater, concerts, readings, fectures and displays in London and Oxford. The opening soncert at the Royal Festival Hall is scheduled for Nov. An Armistice Day concert Nov. 11 at the church of St. Martin in the Fields features the Deutsche Kammersphilharmonie from Frankfurt. The longest running element is the exhibition "The Fallen" at the Museum of Modern Art in Oxford (Nov. 6 to Jan. 15) which displays the work of artists who died during the war, among them
The sculptors Raymond Duchamp-Villon and Henri GaudiBrzeska, and the Expressionist painters August
Macke, Franz Marc and Vladimir Davidovitch Burlyuk. London venues include the French Institute (Queens-Joury Place), which presents a program that centers on Alain-Fournier's novel "Le Grand Meaulnes." "The Lost Voices of World War I." by Tim Cross, an anthology of writers, poets and playwrights was published in con-junction with the festival. Information: Armistice Festival, 12 Mercer Street, London WC2H 9QD. Tel: 379-50-45.

### Section of the Prado Closed

The Prado in Madrid will temporarily close the Palacio de Villahermosa, one of the three buildings in its compound, on Dec. 18. The 18th-century Palacio will begin undergoing renovation to provide a site for the exhibition of much of the art collection of the Baron Hans Heinrich Thyssen-Bornemisza. The main building of the Prado and the Cason del Buen Retiro, where Picasso's "Guernica" is housed, will remain open. The Prado is looking at the Military Museum as a possible site to house the temporary exhibitions displayed at the Villahermosa palace. About 700 of the 1,600 works in the Thyssen-Bornemisza collection will be lent for at least 10 years to Spain's Ministry of Culture. The paintings, which are now in Lugano, Switzerland, include works of Old Masters and of 20th-century painters. The opening of the palace with the collection's works is oot expected until early 1990.

Restoration of Bruges Buildings

Preserving Bruges's historic character is a civic tradition in the city, one that is currently documented by the exhibition The Renaissance of Stone" at the 12th-century Hôpital Saint-Jean until Nov. 20. The show's focus is the program begun in 1877 that has resulted in the resforation of about 500 historic brick buildings in the city center. The exhibition displays maps, drawings, paint-ings, photographs, tools and building materials. Guided visits of restored buildings have been organized by the Service of Historic Monuments to complement the show.

# Choice Country Hotels of France

Wendy Arnold, who has previously written books on the historic hotels of England and Scotland, has added "The Historic Country Hotels of France" (Thames and Hudson) to her collection. A frequent visitor to France for 40 years, she picked 30 hotels, which range from the

Auberge on Vieux Puits, a 17th-century Norman inn described by Flanbert in "Madame Boyary," to the Hostellerie de Moulin du Roc, a turreted château in the Dordogne whose kitchen is presided over by Solange Gardillou, one of the few women chefs in France awarded I two stars by Michelin and three toques by Ganlt-Mil-

# Key West Lighthouse Goes Dark The Key West Lighthouse has turned off its light and will remain dark until early February, while the tower is re-

paired and restored. The structure has served as a museum for the past 16 years since being declared obsolete, and is the only one of the seven remaining lighthouses in the Florida Keys open to the poblic. The Key West lighthouse lower was built in 1823 but was destroyed in a hurricane in 1847. It was rebuilt and reopened on Feb. 4, 1848, and will reopen on the 1989 anniversary of that date. A bungalow-style keeper's quarters constructed in 1887 houses photos, drawings and historical information on

# Alpine Peaks Where You Can **Bet on Snow**

by Joe Kirwin

F there is any one travel business seriously worried by all the talk of the greenhouse effect, ozone holes and rising world temperatures, it has to be the ski industry. Just last year, the thousands of skiers who made their pilgrimages 10 the Alps for early season snow or a quaint Christmas got a glimpse of what must be a ski operator's worst nightmare.

It didn't matter last winter if it was fluorocarbon buildup or just a freak winter warm-up that caused the problem, skiers faced a bleak scenario: mountains bare of snow. Call it the green slope syndrome.

In the last 10 years that early season syndrome has become in-

creasingly common in Europe. Deep snow in December in the Alps has been as common as a smog-free day in Athens. Despite that, the situation in late November, December and early January is not all lost. Thanks to the last vestiges of the ice age, gla-ciers and high altitude slopes, there

are areas in the Alps where one can

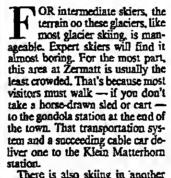
be assured of snow and decent skiing in the early season. They start with the ski area with one of the highest cable cars in Europe: Zermatt and its neighbor, Verbier, Several areas in the French Alps, the highest in Europe, such as Tignes-Val d'Isère or Chamonix,

the luxury of a glacier base but its altitude — much higher than Inns-bruck or Kitzbühel — ollers, at the very top, at least minimal risk. Until 1972, Zerman, the Matterborn ootwithstanding would not

have made this select group. But when the Klein Matterborn cable car was finished, it provided a fast, convenient gateway to a glacier for year-round skiing. Previously. some of the slopes were accessible by a series of T-bars that were about as practical as a horse carriage in central Paris. To give an example of just bow

reliable the skiing is at the top of Zermatt, as well as at its Italian neighbor, Cervinia, the Plateau Rosa glacier probably gets more use in the spring and summer than it does in winter. That's because at 3,820 meters (about 12,200 feet), it can sometimes feel like the North Pole, especially if the wind is blowing. But if the sun is out, it is usually bearable.

Should the weather cooperate and there is plenty of snow on all of the slopes, it is almost a 1,300-meter vertical drop to the village— either Zermatt or Cervinia on the Italian side (should you go to Italy you need a special ticket to get back that can be purchased at the bottom station of the Klein Matterborn cable car). If the snow is adequate, the run into the village is one of the longest in Europe.



There is also skiing in another part of the 260-kilometer (160mile) trail complex of Zermatt at altitudes almost as high as the Plateau Rosa. They are reached by taking the Gornergrat train from the center of town and then two cable cars to Hohtalli and Stock-

Though Zermatt has a reputation as one of the priciest ski areas in Europe, its atmosphere and scenery can blur the cost. The carfree village, with the incomparable Matterborn hovering over it, is what Old World alpine charm is all

Another asset at Zermatt worth considering is the lack of lift lines. Because it has a variety of fast, modern mountain transportation systems and because it is a destina-



Zermatt, looking toward the Mount Rosa plateau.

tion resort and void of big weekend crowds, the lift lines common 10 years ago have been all but climi-

The same can't be said for Verbier as this resort, hordering on France and a short commute from Geneva or Lausanne, has the op-posite problem. Lift lines in the past decade have been getting steadily worse.

But in December or in January, excluding Christmas, lift lines are not a problem. Because of two peaks, Mont-Fort and Mont-Gelé, Verbier has some glacier skiing and slopes at altitudes that will always have snow in the winter. However,

most of those high altitude slopes are expert runs.

Moot-Fort has two slopes. One is an out-and-back traverse run on a glacier. The first rule of safety of glacier skiing — doo't stray from the marked trail to avoid crevasses — is a caveat to keep in mind. On the other side of Mont-Fort is a trail as steep as they come.

Even if one doesn't want to ski Mont-Fort, a trip to the top and return ride down on a clear day is a good chance to view the panorama of Mont Blanc and the Matterhorn. For those able skiers who start from the top, a 2,500-meter run to Le Châble is an option when the

snow is adequate at lower eleva-

Moot-Gele can offer snow but it is like a remote castle — it has very limited access. There are oo marked trails from the top as the whole peak is considered off-piste. The only way you can get to the top is via the Les Attelas peak, which you must ride two lifts to reach. But those two peaks are a small part of the more than 300 kilometers of trails at Verbier.

If the greenhouse effect does put ski areas in peril, the last resort for decent skiing in Europe will be Chamonix. When it comes to glacier skling, there is none more spec-

tacular than the king of the French slopes, which offers the highest vertical drop in the Western world. The massive, fractured snowfield that seemingly tumbles off Mont Blanc is a sight to see, if not to ski, in summer or winter.

However, when one goes to Chamonix, one sacrifices much of the charm of European skiing. It is a crowded city detached from most of the slopes, and lift lines can be

Although there are six separate areas at Chamonix (one ticket gets you onto all of them), there are two

Continued on page 11

# Angkor Wat Under Scaffolding

by James Pringle

IEM REAP, Cambodia - There is an uncharacteristic bustle most days around the ancient and, until recently, somnolent mins of Angkor, Cam-bodia's fabled jungle city. Dust-covered work-ers clamber about bamboo scaffolding and laborers heave great lumps of sandstone, each bearing a number to show its place in the great

The village of Tignes.

The 200-yard-long stone causeway that leads to the west, or main, gate into Angkor Wat, the main temple, is strewn with building implements, and at the gate itself a red and white painted sign announces in Khmer and English: "Work in progress - no entry."

Khaki-clad soldiers of the People's Republic of Kampuchea, the Vietnamese-backed regime that controls most of Cambodia's population centers but not its mountains and jungles, lean silently in the stiffing heat against stone nagas, the seven-headed serpents, cradling their AK-47 rilles. Little naked boys dive, shouting gleefully, from the causeway into the weed-strewn moat as they must have done when Cambodia's god-kings were in residence here a millennion Even a voluble amateur tour guide from an earlier age who has somehow survived the horrors Cambodia has endured since 1970,

offers his services in rusty English — a language skill he hid during the years of the killing fields. Business is still slack, he admits.

One notices the difference while still far from the west gate. Gone is the somber blackened hue of Angkor, remembered from countless photographs and from a visit in 1980; the dstone has a scrubbed look and is now a light biscuit color that seems to reflect the glare of the sun, and somehow reduces the mystery and menace of the ancient stones.

Not everyone in Cambodia has welcomed the efforts to restore the splendid city, which once had a population of half a million, to the pristine glory it knew under King Suryavarman II, who built Angkor Wat as a funerary temple in the early 12th century. It can cost \$5,000 to visit the site these days,

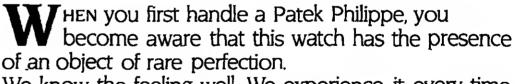
the price of chartering an aircraft from Phnom Penh for the 150-mile journey over Tonle Sap lake — plus a \$60 fee leveled on foreigners by the Siem Reap provincial authorities. Coming on a small tourist package from Ho Chi Minh City, formerly Saigoo, is much cheaper. The roads to Angkor are considered too

insecure for foreigners, though when I was last bere, less than two years after the December, 1978, Vietnamese invasion that overthrew the Pol Pot regime, I was able to come by land

around Toole Sap.
This time, I was invited to Angkor by an old Cambodian acquaintance in the Ministry of Culture. Officials and archaeologists were making an inspection trip to see the extensive but somewhat controversial work being done by a team of 14 Indian specialists, under an agreement signed in 1986, and there were a

couple of free seats on the plane. There was a hint of the possible threat of the Khmer Rouge in the manner in which the aircraft approached Siem Reap, the provincial capital near Angkor. The plane, a propeller-

Continued on page 10



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Scaffolding envelops restoration at Angkor.

# TRAVEL

# THE FREQUENT TRAVELER

# **Tired of Chain-Hotel Rooms?** Look for the Hidden Gems

by Roger Collis

MALL is not always beautiful, but when it comes to choosing a business hotel a lot of people are seeking out small, independent huxury hotels in preference to those of large chains. In some cities, the Hilton, Sheraton Inter-Continental or Marriott may be the best in town; some large hotels, such as the Oriental in Bangkok, the Mandarin in Hong Kong and the Regent in Sydney have set superlative standards. But all too often the large hotel, to paraphrase Le Corbusier, is a machine for staying in, lacking that elusive amalgam of comfort, friendliness and efficiency that I call hospitality. People want to be treated as a name rather than a room oumber.

Typically, small luxury hotels are privately owned, independently run and expensive. Dukes, for example, a 58-room hotel tucked away in a tiny gaslit courtyard off Piccadilly in London, charges almost as much as

Says Richard Davis, who runs Dukes, "We rely enormously on repeat business, about 80 percent of our guests. A small hotel doesn't have a lot to spend on marketing so you have to rely on guests doing it for you. The secret is to have quality department heads reception, housekeeping, bar — who are big fish in a small pond; for example, the chef at our restaurant was formerly chef at the Savoy. We have more than two staff per room, which enables us to concentrate on service, making people feel comfortable and calling them by name. All obvious things really." How small is beautiful? "The hotel should be large

enough to have a lot of staff yet small enough to give personal service, identify problems and put them right," Davis says. "Very small hotels can't generate enough revenue. I think 50 to 100 rooms is about right."

Christopher Cole, managing director of Lucknam Park, a beautifully restored Georgian manor house with 39 rooms near Bath in southwest England, disagrees. "I'd say 45 to 50 rooms is getting too imperson-al. You lose that intimate, friendly touch."

Dukes and Lucknam Park are members of Prestige

Hotels, a consortium of 43 properties — all but 11 in the British Isles — which have clubbed together for joint promotion and reservations. Many are small country house hotels; such as the Lygon Arms in the Cotswolds and the Castle Hotel in Taunton.

Similar consortia are worth looking for. In France there is Relais et Châteaux with 350 members and the small Château-Accueil group of country hotels (40 members); in the United States, Small Luxury Hotels (16 members) and Select Hotels & Resorts in Australia, and Steigenberger in West Germany. In England there is Pride of Britain and Historic Houses. Hotels are often members of one or more consortia.

OME hotel groups specialize in the smaller, intimate style of property. In the United Kingdom, Thistic (33 hotels) and Norfolk Capital (15 hotels) take pains to avoid the chain image. "We're not a chain but a group of hotels," says Brian Yeaman, Thistle's director of marketing, "Every manager has certain freedom to give his hotel an individual flavor." The advice of aficionados is to first find a small, luxury hotel and do further research in the bar. Here are some suggestions, in addition to those mentioned:

LONDON — The Stafford. An elegant, comfortable oasis in St. James's Place, behind Green Park and

a few minutes from Piccadilly. It has 62 rooms, seven suites and good restaurant.

The Fenja. A boutique hotel - a former Edwardian town house in Cadogan Gardens with 13 rooms and three suites. Quiet and comfortable, a few minutes walk from Harrods. No restaurant, but serves fine breakfasts.

Cannizzaro House. A recently restored Georgian house on Wimbledon Common with 56 rooms. Peaceful setting. Two phones in each bedroom and lots of work space. A good restaurant.

Abbey Court. A restored Victorian house in Kensington with 22 rooms (all different; some with fourposter beds) run by a former Ritz manager. No

BIRMINGHAM - New Hall. A moated Elizabethan manor house at Sutton Coldfield, not far from the center of Birmingham, with 68 luxury rooms and restaurant. Excellent for small meetings.

STOCKHOLM — Clas Pa Hornet. A traditional Swedish inn (built in 1731) in the city center. Superb period furniture. Family run with a renowned restaurant and 10 rooms.

VIENNA - Hotel im Palais Schwarzenberg. Not far from the State Opera in 15 acres of gardens. A glorious baroque building — 34 rooms and four suites furnished with antiques. Has a fine terrace restaurant.

PARIS - Lancaster. More like a country house than a hotel, a couple of minutes from the Champs Elysées, Quiet, comfortable and elegant. It has 56 rooms and 10 suites - no two are alike - furnished with 18th-century furniture. Restaurant overlooks a garden courtyard and seats only 30 people.

Residence Lord Byron. A comfortable private hotel ust off the Champs-Elystes with 16 rooms and 10 ites. No restaurant.

Relais Christine. A restored 16th-century m-mas-tery in a quiet street near the Pont Neuf. It has 51 spacious, well appointed rooms, an oak-paneled lobby and a charming courtyard. TOKYO — The Seiyo. Perhaps the smallest huxury hotel in Japan. It has 80 rooms. Guests are each

assigned a full-time secretary-factotum. NEW YORK - The Lowell. An Art Deco refuge on the Upper East Side betwen Park and Madisor Avenues. It has 60 rooms furnished with French and

Oriental prints and log burning fires. SAN FRANCISCO - The Sherman House. A private hotel with 15 rooms and suites furnished in French Second Empire style, with wood-burning fireplaces and whirlpool tubs in black marble bathrooms. A block away from Nob Hill and Union Street, it has

Francisco Bay. A fine restaurant. SAN ANTONIO - The Fairmount, A quiet, intimate hotel with 20 rooms and 17 suites each different in design and appointments. It is three blocks from the Alamo and has a first-class restaurant

marvelous views of the Golden Gate Bridge and San

LOS ANGELES - Bel-Air. A private, secluded hotel set in gardens a mile west of Beverly Hills and 10 miles from downtown. It has 99 rooms, including 33 suites. A fine restaurant for al fresco dining on a bougainvillea-draped terrace.

RIO DE JANEIRO — Ouro Verde, On Copacabana Beach, intimate, Swiss managed, with 61 spa-cious rooms. Restaurant is one of the best in town.

# For the Daring: Over the Andes by Bus

by Edwin McDowell

THE flight from La Paz to São Paulo takes líttle more than three bours, and anyone in a burry to get from the largest city in Bolivia to the largest in Brazil has no choice but to fly. Bolivian huses and trains are oot the last word in comfort or convenience, yet crossing the Andes by land is vastly more rewarding than gazing down at the mountains from a plane.

The inevitable mechanical breakdowns, the vagaries of cli-mate, the occasional hunger pangs and assorted other vexations pale alongside the opportunity to cross the longest continuous mountain range in the world at ground level - if that term can properly be applied to roads more than two miles high. The Andes crossing is the undisputed highlight of this imusual journey, but there are others: Among them are Cochabamba, a pleasant agricultural city tucked away in a valley, and Santa Cruz de la Sierra, a burgeoning city in the

Still another highlight is the op-portunity to cross the flatlands of eastern Bolivia and western Brazil, the setting of Julian Duguid's memorable 1931 travel book Green Hell" and a region that until even recently was the domain of the outlaw, the outcast and a the hardy pioneer. At Corumba, on the Brazilian border, travelers are at the gateway to the Pantanal, the 80.000-square-mile ecological sancmary that is one of the world's great wildlife preserves. Or they can travel another 300 miles, by bus or train, to Campo Grande, the capital of the state of Mato Grosso

It had been almost a decade since I was last in the Andes, but I stowed amid boxes and crates atop wanted to share this crossing with my 10-year-old son. Besides, can one ever tire of the constantly changing beauty of that majestic mountain chain, which has few passes lower than 12,000 feet?

Y OING southeast from La Paz means crossing the Cordillera Real, one of two major Andean ranges through landlocked Bolivia. While the Cordillera Occidental all but can off La Paz and the other cities of the Altiplano from the Pacific Ocean, for centuries the towering wall of the Cordillera Real effectively prevented the integration of those cities with the eastern two-thirds of the

Then in the early 1920s, pioneer-

ing aviators began flying across the Andes, their daring not only surthe 19th century. mounting the major physical barrier



Passengers boarding the bus for Cochabamba.

bamba during the day. Shortly before 8:30 the next non Ball.

morning our backpacks were the Cisne Imperial bus, and sooo afterward the red, white and blue Volvo roared away, trailing a thirk mixture of dust and exhaust fumes. Our crew consisted of a driver with three day's stubble and two equally unkempt assistants. As it turned out, their most notable contribution was to insure that the music a deafening roar,

While the Bolivian passengers who crowded the narrow seats and isammed the aisle maintained a stoic silence throughout the trip, the Bolivian women expressed themselves in another way - by their colorful clothing. Their ponchos and rebozos are as bright and varied as the bues in Joseph's hiblical coat, and many also wear the bowler hat that is said to have been brought to Bolivia from Britain in

Although La Paz is almost 12,000 (eet (3,650 meters) high, it lies at the bottom of a narrow basin. Vehicles must climb in order to cross the Cordillers Real, but for several hours the ascent is barely

in South America but also helping to one particularly long curve, we tance. Our driver just gunned his crumble the psychological barriers. found ourselves halfway up a high motor without looking back.

When we learned that the next mountain staring at wave after A half-hour later an elderly When we learned that the next daytime train for Cochabamba left La Paz in four days, off we went to the cheerless bus terminal. Buses for most distant Bolivian crities defor most distant Bolivian crities de-part mainly at night, but several and when it descends it is all the utes later the bus ground to a halt make the 11-hour trip to Cocha-driver can do to prevent its barrel- amid sounds more ominous than ing downhill like the Wabash Can- those from the loudspeaker.

> For the next four or five hours the journey was everything travel-ers with sturdy hearts could ask for. Magnificent vistas greet each bend

On a mostly unpaved road that enough in some places for only one-and-a-half vehicles, our driver from the intercom never fell below deftly maneovered the higgest steering wheel I have seen other than on a boat

> For some years I had dutifully climed from various newspapers wire service reports of hus crashes in the Andes, most of them as spectacular as they were grossome, for a blowout, brake failure or driver miscalculation at that altitude usually results in the unfortunate vehicle plunging into a gorge or sailing off the edge of a cliff. So I was not surprised, after we rounded a sharp ed, to see a truck sprawled on its back about 50 yards down the mountainside, its cargo scattered in all directions. Miraculously, the slope was gradual and the driver seemed to have escaped serious injury. Several Good Samaritans had

HE pilot and flight crew, as I began to think of this high-altitude trio, conferred for 10 minutes and spent another 10 minutes tinkering with the engine, which enabled us to limp into an had been a path for llamas and cating place that consisted of four mules, and even oow is wide or five shacks with dirt floors. Thirty minotes later the horn sounded and we were on our way again, this time along a well-maintained portion of the road.

> Half way across the Cordillera Real, we were headed for the tropics though there was a chill in the air and flocks of llamas grazing by the side of the road. I don't know who was more pleased to see the llamas, my son or L Although I saw them for the first time 20 years ago, I was struck anew by how seperbly equipped they are for high altitude existence — equipped, as are their equally surefooted alpaca, vicuna and guanaco craisins, to carry loads and provide food and wool while subsisting on sparse vegetation.

> Before long the mountains were sprinkled with greenery, and even the dust that permeated our bus was tinged red from the earth. We

lurched to a halt, and twice our trusty crew used the Andean equivalent of baling wire to get us mov-10 -15

ing again.
Before we developed mechanical problems, our driver had squeezed past another bus on a particularly steep hill, then overtook a truck heavily laden with wooden boxes. Both vehicles hugged the edge of the cliff as we passed, but we were also at risk. I still shudder to think what would have happened had a vehicle or even a llama been coming in the opposite direction on that narrow mountain road just as our driver gave it the gas.

A half-bour from Cochabamba the incessant pounding of the minsic finally forced me to surrender. took an aspirin and, to the dismay of my son, stuffed my ears with tissue paper, vowing that never again would I travel in South America without bringing along a set of earplugs.
When we finally limped into the

city, the last rays of daylight had slipped behind the mountains, yet it was at least 15 degrees warmer at the city's 8,500-foot elevation than

it had been higher up.

After a few days exploring Cochahamba, it was on to Santa Cruz and the Brazilian border.

Other memorable experiences awaited us - because memorable experiences await all travelers who seek them out. Yet even though this was only the first day of our journey, it was unlikely that the trip would provide thrills to compare with crossing the Andes.

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SINGAPORE CHANGI AIRPORT

# Angkor Continued from page 9

and descended while still far out over the shallow, muddy, fish-rich lake, nowadays devoid of fishing boats except along the more secure

southeastern edge. We flew the last several miles just a few hundred feet above the sugar palms and rice paddies in a largely depopulated landscape. It was the kind of cautious approach American pilots once used

when flying into potentially bot landing zones in Vietnam. The Khmer Rouge have no ground-toair missiles, as far as is known, so perhaps the Russian pilots, who ometimes fly in the small groups of Western tourists, have orders to

Certainly, Siem Reap airport has true of much of Cambodia outside Phnom Penh. The carcass of an old Caravelle jetliner near the apron was a reminder of past conflict. One sympathized with the American tourist who had taken one look round the austere terminal building and walled: "But they told me I could buy video film bere."

The handful of tourists who come in season seem undeterred by the Khmer Rouge warnings, if they

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Vietnamese troop withdrawals, the busy market in Siem Reap is still thronged with off-duty Vietnamese soldiers. Angkor, after all, is a na-tionalist symbol for both Communist regimes that claim to govern

Angkor was built during the magnificent 650-year era of Khmer civilization, based on a form of Hinduism imported from southern India. Cambodian civilization reached its height in the 12th century. Angkor consists of 38 square miles of saodstooe temples, shrines, houses, causeways, reser voirs and terraces (a security nightmare) with thousands of carvings of gods and demons representing

stories from the Hindu classics. Prominent among the carvings are the sensual, bare-breasted dancing girls called apsaras, gigantic serpents and kings mounted on elephants. Cruel, bizarre tortures are also depicted, and some Cambodians claim the Khmer Rouge used similar punishments on their opponents during their years in wer. 1975-78.

In the 15th century, Angkor was abandoned after invasioo by the neighboring Thais, and was lost in

driven Russian version of the Fok-have heard of them, that they face dense jungle for 400 years until ker Friendship, lowered its wheels "great danger." Despite reports of rediscovered in 1861 by French naturalist Henri Mouhot, a butterfly hunter, At the time, local Cam-bodians who bad forgotten their history told Mouhot that Angkor had "built itself."

A French custodian worked here mtil forced out by the war in 1973. Since then, the jungles had been moving in again; water seepage, bats, insects, moss, lichen, treeroots and creepers joined in the war of attrition against the ruins. Now, with the assistance of 400

Cambodian laborers and a couple of Polish experts, Indian specialists are spearheading the rescue effort. Because of the Khmer civilization's lodian roots, they feel well equipped for the task. There are the same cultural influences, the same stone, even the weather here is the same as south India," M.N. Kanade, an Indian civil engineer,

Cambodian experts from the deartment of antiquities said the war itself bad dooe little damage, though a shell that hit the rains in 1972 killed some refugees shelter-ing an ancient gallery, besides dam-aging bas-reliefs. "Overall 90 percent of the damage has been caused by vegetation and the elements," said Chea Punlok, a Cambodian

Government officials blame the Khmer Rouge for the disappear-ance of all but 15 of the superh statues of Vishna and other Hindu deities from the "gallery of 100 statues." But Pol Pot seemingly had ngly had towers of Angkor Wat figure on the outer ruins in the huge complex flags of both Democratic Kampu- the temples are favorite sites f People's Republic.

Most likely the statues were smuggled across the Thai border in the confusion that followed the Vietnamese invasioo, and were purchased by foreign collectors. Older customers were making a reappearance here. Incense was being burned in front of images of Suddha, a later addition to the

Hindu shrines after the Khmer

god-kings converted to Buddhism

at the end of the 13th century, and of Vishnu. Butterflies flitted here and there in the ruins - it was the pursuit of such exotic tropical specimens that brought Mouhot, a lepidopterist, to the rums in the first place. But, as elsewhere in Cambodia, there was no bird-song; birds have virtually

the first stage of their \$5 million. six-year project, the restoration of west gate. Work is under way (though now halted until the end of the wet season) on the library building, wreathed in scaffoldi "By the time we are finished," Kanade enthused, "Angkor will look as

it did in the 12th century."

Not all Cambodians are so enthused about this rebuilding even recarving, plus the liberal use of cement to bolster the foundations and the application of chemical cleaners to restore the original light brown hue. "Something of the quality and mystery of the mins may be lost," one Cambodian spe-cialist said in Phnom Penh.

Chheng Phon, the minister of culture, agreed there were "many points of view" about the renovation work being undertaken by India, the only non-communist na-tion represented diplomatically in Phnom Penh. "But remember," he said, "the dark color, which is how Angkor has been known in recent times, is moss. If it is not cleaned off, the stone will be eaten away

As our group walked in the silent mer reaches of Angkor Wat, using umbrellas as parasols to shelte ourselves from the oppressiveness of the sun, there was no suggestion of the closeness of war. But security remains an issue, and is likely to increase in importance if the Vietnamese troop withdrawal goes

ahead as prom es, the nearby Bayon with its 200 stone faces, each with a no ideological complaint against mysterious half-smile, cannot be the temples, which he saw as the visited, and Khmer Rouge forces work of the laboring peoples. The can certainly move through the the temples are favorite sites for chea, of which the Khmer Rouge is their propaganda pictures. Aircraft the main component, and of the only stay on the ground at Siem Reap for a few hours, and apparently never overnight.

Prince Norodom Sihanouk's old residence was being spruced up near Angkor, and Cambodian staff at the renovated Grand Hotel -imagining that correspondents are the fount of all knowledge - asked me if I thought it meant the prince would soon return from exile ....

With reconciliation talks between Sihanouk and Hun Sen, the PRK prime minister, about to resume in Paris the return of the prince to Cambodia (and surely to the Ang-kor he loves and where he done lavishly entertained state guests with performances of the Royal Ballet with Angkor as backdrop) remains a



# The Sun on the Table

ARIS — Last spring, when the Mi-chelin guide handed out its latest string of stars, José Lampreia, chef and owner of the Maison Blanche, was not really happy. Michelin had given him a star, making him a card-carrying member of the French culinary establish-

The dissatisfaction was a bit tongue in heek of course, for a French chef would

· PATRICIA WELLS

have to be crazy to totally ignore a nod from the Michelin. But Lampreia, who probably gets more media attention that any chef in Paris save Joël Robuchon, rather liked the role of successful nontraditionalist. Lampreia and his six-year-old Maison Risnche have become something of a pheno-

inemon. While numerous restaurants that ecced with Michelin have empty tables at lunch and dinner, Lampreia has lines at the door at 10:30 at night. Here two services, an exception in France, are the norm. And he is not giving the food away. The current average bill, including wine and service, hovers around 500 francs.

Maison Blanche doesn't look like the others, either. Polished wooden floors, Oriental

Cooking at Maison Blanche, filled with scents and aromas of the Mediterranean,

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reflects José Lampreia's love for this part of the world.

rugs, giant sprays of flowers remind you of California sunshine, not the neighboring Porte de Versailles.

So is all the fuss worth it or is this just restaurant hype? No hype, really. Lampreia, born in Portugal but raised in France, has figured out what the public wants today and he gives it on a silver platter. It is worth it for se who want food that is free-spirited, original, not like the others yet still oddly

Lampreia — fike his counterparts at Pile on Face, Olympe, La Cagouille and L'Assiette in Pans — has shown the food world that there is room for new styles, new flavors, new concepts. There is room for more than traditional and classic cooking, and you don't have to have gone to hotel school or spent 10 years peeling carrots to figure out how to make a restaurant work. This doesn't mean his way is better, just that it's different,

The slim, dark-eyed chef opened Maison Blanche with no formal culinary training, just a love for manual work and for cooking, a love that blossomed into a full-fiedged passion. His cuisine, filled with scents and aromas of the Mediterranean, reflects his own love for this blessed area of the world. Sweet figs, Moroccan spices, garlic, ginger, fresh coriander, preserved lemons, and sweet Italian balsamic vinegar play a supporting francs.

role here, adding character to a food that is at once boldly flavored, incredibly uncomplicated and refreshingly imaginative. In nearly every dish, one considers the sun, whether it's Morocco, Portugal, the south of France or Italy. Even his wine list looks to the south, with an extensive offering of wellpriced wines from the Rhône Valley, Provence and France's southwest, as well as a complete selection of eaux-de-vie from Etienne Brana's Basque country estate.

Although all the ontward signs at Maison Blanche are modern, the feel is cozy, warm and welcoming. Giant glass jars of preserved fruit sit atop the bar (a collection of recipes from Lampreia's grandmother in Albufeira), and the menu includes many classic bistro favorites, including a traditional boenf mode and a rich, golden riz au lait. Yet in his hands, homey, old-fashioned dishes become somehow up-to-date. He turns soothing mashed potatoes into a majestic dish, flavoring the purce with virgin olive oil from Por-tugal and black olives from the south of France. Riz an lait becomes a rich, voluptuous cross between mom's rice pudding and

sinful crème brulée. And while his food has a sense of fantasy, it is never frivolous. It is pretty, but never precious. Throughout, Lampreia has a knack for logically combining peasant fare with luxury-line ingredients: He poaches lobster and marries it with sliced potatoes; he sautés foie gras and sets it atop a galette of celery root; his now famous mashed potatoes serve as a platform for perfectly cooked turbot. Even leeks - the vegetable the French like o call the poor man's asparagus - become regal fare as he sprinkles them with hlack truffles from Provence; wraps them around a plump, poached oyster and sets the package in a pool of beef broth; cuts them into thin shreds, fries them ever so quickly, and uses them like a little bundle of straw to garnish a perfect Breton scallop sauced with a blend of balsamic vinegar and port. He also brushes salmon with honey and Moroccan spices sprinkles it with a friture of leeks, and sets all atop a perfect galette of well-seasoned cous-

Lampreia uses a mimimum of butter, just a touch of oil, and no heavy sauces in his cooking, and although his food is light and easily digestible, one does not feel the least bit deprived. While neither his food nor his restaurant fit a definable mold, one quickly understands that nothing is left to chance. The crusty sourdough bread served at Maison Blanche is among the best in Paris, baked in the turn-of-the-century wood-fired oven at the nearby Moulin de la Vierge bakery. Lampreia loves fish, and loves to cook it, and each morning at 2 A.M. his fish is selected by a trusted merchant at the Rungis wholesale food market outside Paris. Twice each week, he goes to Rungis himself to pick the herbs, vegetables, meats and spices used at Maison Blanche. The effort

has paid off. And reservations are in order. Maison Blanche, 82 Boulevard Lefebvre, Paris 15; tel: 48.28.38.83. Closed Saturday hinch, Sunday and Monday. Credit card: Visa. 235-franc menu at lunch only. A la carte, 500

# José Lampreia Puts | Rediscovering Utrecht's Canals and Cellars

by Theodore James Jr.

TRECHT, Netherlands - Should you mention Amsterdam or The Hague to an Utrechter, he will say with just an iota of condescension, "They are new cities." Utrecht is indeed the oldest city in the Netherlands, dating to around A.D. 48, when the Romans built a fort on what is today the epicenter of the

city, Dom Square. Traditionally, Utrecht has been known as the City of Churches. There are 17 medieval churches, all restored, within the city limits, and much of the country's religious history was forged here. Since 1636, the year its university was founded, the city has been an intellectual and cultural center.

The Christian Franks built a church on the site of the Roman fort in about 650, but it was soon destroyed by the Frisians. Then, in 692, the Franks, under Pepin II, offered financial and military support to the English missionary Willibrord, who established resi-dence as a bishop in what was then called Trecht. He converted most of what is today

the Netherlands to Christianity.

During the Middle Ages, Utrecht prospered, commerce thrived and the city became the most populous and important in the region. It was during this era that the canals were dug and cellars and quays built.

Those cellars play a significant role today. During the last few decades the city has developed at an accelerating pace, to the point that today it has close to 250,000 inhabitants. With the growth have come positive changes. Utrecht has always had an overlooked treasure: the six or so miles of canals in the inner city, primarily the Oudegracht, or Old Canal. They were lined with unoccupied cellars at canal level and first stories just below street level. After centuries of apathy, these quarters were turned into stylish boutiques, restaurants, cafés - an extravagant circus of pleasure and animation. A flurry of architectural restoration and the installation of innovative new museums ensued. Undiscovered Utrecht is now indeed ready to interest visitors.

HE best way to see the city is on foot. You may want to avail yourself of the walking tours that originate at the VVV, as Dutch tourist information offices are called, at 90 Vredenhurg near the heart of the old town and within a short stroll of the Oudegracht. A 90-minnte tour costs about \$3.50 (calculating the Dutch guilder at 50 cents). Brochures and city maps are also available at the office for visitors who wan: to tour on their own.

The facades of the buildings are lavishly decorated with architectural detail, antique signboards and ancient sculptured trade symbols. At Wittevrouwenstraat and Plompetorengracht, there is a richly carved, painted, bakery shop sign that hangs from an ornate wrought-iron bracket. The sign reads Utrechtse Speculaas, announcing a type of cookie that has been made in the city since medieval times. At the corner of Lange Nieuwstraat and Catharijnesteeg the doorplate of a small meat hall features a handcarved, wooden bull with a wreath of acanthus leaves around his neck.

And as you crisscross the Oudegracht or walk along the promenade that flanks it on either side, note that each corbel beneath the lampoosts that line the old brick walls is decorated with sculptures in bas-relief. There are hundreds of them. For example, at No. 80 there is a ship in bas-relief, at 122, a man playing a harp, at 159, a bust of Medusa, and at 343, St. Martin, the patron saint of the city. A project that is unique in the Netherlands, the embellishment of the canal walls throughout the city, began over 50 years ago and continues today, with commissions bestowed periodically to sculptors to

render yet another corbel.

A good place to start a tour is at Dom Square, the historic center, for it includes the cathedral, cloister and the Dom bell tower. The interior of the cathedral, built from 1254 to 1517, has been undergoing restoration since 1979. The adjoining cloister dates from the 14th century and the 367-foot high bell tower is the tallest structure in the Netherland. The cloister transfer in the Netherland. lands. The cloister contains a fountain and is decorated with a series of bas-reliefs illustrating scenes from the life of St. Martin. Visitors can also see St. Martin on a weather vane at the top of the tower, seated on his

horse, cutting off part of his coat to give to a beggar suffering from the cold. The tower, built between 1321 and 1382, contains two chapels: St. Michael's, the bishop's private chapel, and the Egmondkapel, where a permanent exhibition of the history of the tower is installed. The 31-ton bells in the tower, with names like Salvator, Magdalena, Martinus and Adrianus, ring out across the city at regular intervals, as they have for conturies. You can climb the 465 steps to the top, passing through mazes of alleyways and up and down staircases, all designed to con-fuse hostile pursuers, but only with an accompanying guide. From here you can see as far as Rotterdam, 35 miles (56 kilometers) to the southwest. The tower is open on weekends the year round, from noon to 5 P.M. From April 1 to Oct. 25, it is also open Monday to Friday from 10 A.M. to 5 P.M.

A short walk away is perhaps the most captivating of all Dutch museums, the National Museum van Speelklok tot Pierement (From Musical Clock to Street Organ). The museum has the reputation of being the country's happiest, and it is filled with every conceivable kind of mechanical music-making machine: barrel organs, music boxes,

flute clocks, singing canaries, singing snuff boxes, street organs, pianolas, orchestrinas, early jukeboxes and player pianos. After a

building dates from the 15th century. Among the treasures in the collection is a 1926 Steinway Duo-Art grand pianola. We heard a piano roll of Paderewski playing his Minuet in G. Since the piano rolls used in the Steinways here played not only notes but also duplicated the original dynamics, one hears the music as the Polish composer played it. A glass-domed speeldoos (musical box) features tumbling waterfalls, ships bobbing on rolling oceans and hummingbirds jumping from branch to hranch in time with

in the restored and recycled Buurkerk,

Utrecht's oldest parish church and the larg-

est Gothic church in the city. Most of the

But the grandest and perhaps most invigorating of the mechanical instruments is the 101-key Mortier Dance Hall Organ, invented and manufactured in Antwerp, Belgium, during this century. The resounding rhythms from this organ, with its clashing cymbals, booming bass drum, xylophone, castanets, triangle and even cowbells, reverberated through the former cathedral at sound levels in a league with the noisiest of contemporary discos. Dance hall organs reached their peak of popularity in the 1920s and 1930s and during one visit the music ranged from foxtrot, two-step and tango to an intensely vig-

The Rijksmuseum het Catharijne Convent is the museum of the history of Christianity in the Netherlands. Housed in the restored 15th-century convent of the Utrecht Knights of St. John, it was formally opened by Queen Juliana at a ceremony in 1978, and contains the nation's largest collection of medieval art. Its quality lies in the thematic, rather

than chronological, organization of the art. Walking through the museum, the visitor earns about the introduction of Christianity to Holland, the Protestant Reformation, the Counter-Reformation and subsequent religious landmarks in the nation's history. Among the exhibits is the large white Imperi-al alh, embroidered with gold brocade, that was presented to the Church of St. John in Utrecht by Frederick Barbarossa in the 12th century. Remhrandt's "Baptism of the Eunuch" is also here. The exhibit of derisive art is perhaps the most playful, with examples of Catholics poking fun at Protestants and vice

THER museums in the city include the Historical Costume Museum, which contains costumes, accessories and fabrics from the early 18th century to the present, and the Dutch Railway Museum, displaying many historic locomotives and carriages.

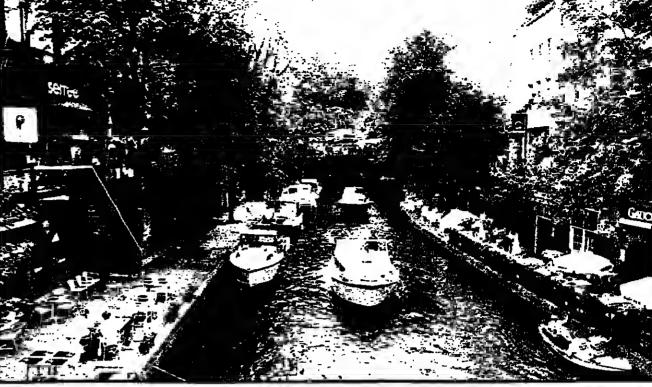
But it is the hidden streets and alleyways of the old town, adjacent to the Vismarkt, the fish market, across from St. Martin's Bridge in the middle of the city, along with the promenades, cases, boutiques and restaurants along the canals that are the special charm of Utrecht. Street life bere is hustling as young women with baby carriages, ubiqmitous bicyclists, pet owners with an array of dogs on leashes, ultra-smart women and punk rockers sporting the latest electric hairdos promenade. Flower stalls are filled with buckets of cut anemones, tulips, gerbera, freesia; fruit stands offer strawberries, cherries, apples and pears, book dealers display their volumes, and on Saturday afternoons, folk singers and dancers perform in tradi-

Along the Oudegracht, at street level, are all manner of boutiques and shops, offering kitchen ware, antiques and the latest in fash-

A good place to meet local people is in the traditional Dutch pubs called bruine cafés, or hrown cafes, some centuries old. They are clubby, atmospheric, wood-paneled places, often with dartboards and billiard tables. They are open from late morning until around midnight.

Two typical hrown cafés are the Graaf Floris on the Vismarkt and the Tapperij de Luifel at 35-36 Neude, Visitors should sample some of the snacks offered at the bar: bitterballen, fried meat balls served with hot mustard; sate, beef on a skewer with peanut sauce, and the cheese, the cumin-flavored Leidse and Freise with clove, both far more interesting to the palate than the hland Gouda and Edam. These are good places to reflect on both the traditional and the contemporary Utrecht.

Theodore James Jr. is the author of "Landscaping: A Five-Year Plan," to be published this month by Macmillan. He wrote this for The New York Times.



number of years in temporary quarters, the collection was permanently installed in 1981

Restaurants and shops line the Vecht River Canal in the old town.

# **An Indian Designer Goes High Fashion With Saris** by Barbara Crossette EW DELHI - To the outsider's eye, an Indian san is six yards of exquisitely woven cotton or silk. To the Indian woman, it is a His success allowed him to take an ex-

proud national symbol that has never been scriously challenged or undermined by Western dress.

To Satya Paul, however, the sari is a palette on which the patterns of nature, the geometrics of graphics or the design details of a rich artistic history can be splashed on before the cloth is draped around the female body, creating a work of kinetic art.

— S. Paul, as he is known on his signature

label, is making India's first designer saris.

Other people may dabble in the art, he says, but only he presents choreographed "collections" in the style of Paris fashion houses. Chieng Phon the more agreed there agreed there agreed there are He and his 20-year-old son, Puneet, are also turning the san into bold new shapes for the most avant-garde of Indian women and for export to the West and Japan. Some of his silks take on a Grecian drape; some swing over loosely gathered trousers: The classic san—tucked and folded and

draped without fasteners — is still at the heart of Satya Paul's commercial operation. The business, Paul Salon, is run from a hightech loft showroom in New Delhi that, Paul admits, was influenced by his six-year so-

journ in the United States and Europe.

The sari is one of the most beautiful and one of most ancient of dresses," he said as he and his son unfolded one striking length of cloth after another. "This is also the only dress that takes the shape of the woman who wears it." The sari, he said, has "feminine poise and grace in it" and adds something to a style of life that no other dress does. "Even when a poor lady wears it she looks richer,"

Paul, who began designing his own clothes and those of his friends while still a school-boy in New Delhi 30 years ago, never had training in art. He began his career exporting Indian fabrics made by hand loom.

tended world tour in 1980. When he returned two years ago, he was brimming with new impressions and weighted down with prints of art. He had images of redwood forests and Japanese seascapes. "I am influenced by all the elements of life around me," he said.

Six collections of extraordinary saris followed, including one based on works in the Museum of Modern Art in New York. In other collections, he has made trans-Asian connections rarely seen in any medium in New Delhi. There are saris of finest South Indian silk punctuated at the shoulder by Japanese calligraphy. There are lengths of cloth bordered in stylized Cyrillic script or the ancient patterns of Bhutan. As a joke, there is a sari peppered with blowups of the

Paul and his son fight a two-step war to keep the work they sell traditional while marketable. They traverse India cajoling weavers to do the untraditional: make a horizontal pattern diagonal, for example. Then they tackle the buyers of the Western world, where stores do not always understand why it may take four months to weave one piece of cloth.

Paul's saris are expensive by Indian standards, \$100 and up. In some cases, the work involves the production of costly brass-inlay wood blocks for printing, or the spinning of thousands of skeins of silk. "Sometimes it's very cumbersome," Puneet Paul said. "That's why this part of India is dying."

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# Looking for Snow Continued from page 9

where high altitudes and glaciers make them snow but they are also extremely steep.

The two resorts of Tignes and Val d'Isère legendary among ski aficionados: Le Brévent and Aiguille des Grands Montets. Of the two, the best early season snow can be found at the Grands Montets. With a northem exposure and La Croix de Lognan, the new chairliff at this area has helped eliminate the long lift lines that were common. The cable car at the top is a gateway to a glacier that is reachable only after walking down about 200 iron steps. The trail is marked and, without a guide, you should never leave it. The run goes through a narrow gap in the ice and rock and then opens up to a high bowl that offers skiers, intermediate

and above, a challenge. The Point de Vue, always with good snow, parallels the Glacier d'Argentière, which is strable only if you have a guide. From the top, you can also ski to the Mer de Glace glacier down to the valley and to Chamonix.

On the other side of the valley is Le Brevent, the oldest skiing area in Chamonix. Its upper trails are good candidates for early

teamed up to provide a single lift ticket several years ago and are now connected by a bns service. They are considered remote by some people, but that can also make them attractive. The elevation of each village tells the early season story as Val d'Isère is 1,850 meters while Tignes is 2,100 meters. Both are as high as any major resort village in the Alns and that is why the World Cup skiing circuit begins its season every year at Val d'Isère-Tignes. It is fairly safe to assume there will be good early season skiing throughout the two areas, which offer 116 lifts and more than 300 kilometers of trails. The two regions at Val d'Isère-Tignes with a guarantee are Le Fornet and La Grande Motte.

The cynosure of the Le Fornet area is the Pissaillas Glacier or Le Pays Désert as it is known. At 3,400 meters, the area can be reached easily from Val d'Isère, where two cable cars whisk you to the base of the Le Fornet area. For intermediates and

experts, there are excellent off-piste trails. La Grande Motte, also about 3,400 meters high, has a wider variety of terrain. It is one of the few glaciers that offers skiers of all abilities a lot of choices. At St. Anton, in the Ariberg region of

western Austria, the ski area is considerably lower. Connected to Lech, St. Christoph, Stuben and Zürs by lift ticket and bus service, St. Anton's highest peak is 2,811 meters. And at that altitude it is open only to experts. But if there is going to be early season snow at any major resort in Austria you will find it at St. Anton. For the beginner and intermediate skier, there is plenty of good skiing by riding the Galzig train ont of the village of St. Anton and then taking the Vallugagrat train, which goes to an altitude of 2,400 meters. You can also reach this area from St. Christoph by riding the Christoph cable car and the Schindlergat chair.

Joe Kirwin is an American journalist who lives in Stockholm.

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Stock of Sears Surges **On Takeover Rumors** 

Reuters

Chicago — Shares of Sears, Roebuck & Co. jumped in active trading on Thursday as Wall Street decided the hig retailer might be taken over despite a proposed restructuring aimed at discouraging corporate raiders.

A surge of buy orders halted trading in the stock briefly, and it closed up \$3 a share at \$46 on heavy volume.

Speculation that the investor Ronald Perelman, chairman of Review Group, would hid \$65

man, chairman of Revion Group, would bid \$65 a share had already pushed Sears's shares up in after-hours trading on Wednesday.

A buyout at that price, which would come to nearly \$25 billion, would exceed the current record bid of almost \$21 billion for RJR Na-

record bid of almost \$21 billion for RJR Na-bisco Inc. by management.

After the opening imbalance, the New York Stock Exchange said it had contacted Sears asking it to disclose any information that might explain the trading activity.

"The company stated that its policy is oot to comment oo unusual market activity or rumor." the exchange said. A spokesman for Mr. Perel-man also declined comment.

Analysis said that many institutional inves-

Analysts said that many institutional inves-tors remain frustrated at the pace of Sears's restructuring efforts.

John Landschulz, ao analyst with Mesirow & Co., noted that Sears planned to sell the Sears Tower io Chicago, repurchase 10 percent of its stock, emphasize discount prices and spio off the committed unit of its Coldwell Banker real

estate group.

"While they are on the right track, they've done nothing that's a hindrance to a takeover,"

Mr. Landschulz said. Mr. Perelman, who acquired Revlon for \$1.9 billion in a bitter 1985 battle, waged an unsuccessful campaign to take over Gillette Co. in

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tained clearance from the official banking committee to take up to 20 percent of Société Générale, provided SGIP says who its sharehold-

Mr. Ferry noted that BAT has four main activities: tobacco, parealing and financial services. Eagle Star's support of Mr. Pebercan was part of its strategy to develop its financial services business in Europe, he said.

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Reuters : base 100 : Sep. 18, 1931,
Dow Jones : base 100 : Dec. 31, 1974. Market Guide 

U.K. Insurer **Explains French** Stock Purchase

PARIS — Eagle Star, the British insurance group that is a subsidiary of BAT Iodustries PLC, said Thursday that it bought 7 percent of a French holding company for financial reasons and oot to embark on a raid on the privatized bank Société Générale.

Christian Ferry, chairman of Eagle Star France, said, "We did not buy into Marceau Investissements because we knew Société Générale was a target." Addressing a news conference, he added, "It was a financial operation."

conference, he added, "It was a financial operation."

Eagle Star paid 120 million French francs (\$19.7 million) for the stake in Marceau, run by Georges Pébereau, and 100 million francs for 3.2 percent of a Marceau unit, SGIP. Marceau and SGIP have bought 9.16 percent of Societé Générale Générale.

Last week, Mr. Pébereau ob-

The bank has said it is hostile to Mr. Pebereau's move.

Eagle Star did not take the stake to gain use of the bank's network-for its insurance sales because Eagle Star considered itself a niche player io France, he said.

To Our Readers London metal prices were not available in this edition because of

# ERIDAY, NOVEMBER 4, 1988 Seoul Will Aid Daewoo \* Shipbuilding Unit Says It Could

Face Bankruptcy

SEOUIL — Economic planners in South Korea are working on a financial aid package for the heavily-indicated shipbuilding unit of financial said Toursday.

Daewoo Shipbuilding & Heavy Machinery Ltd. is sinking under debt of more than 1 trillion won (\$14 billion), the officials said. Kim Woo Choong, head of the Daewoo Group, has said the shiptifilding unit could face bankruptey and asked the government to cy and asked the government to

Daewoo Shipbuilding has had numerous difficulties this year. The concern, which employs 14,000 people and owns South Korea's second largest shipyard, was the scene of labor unrest earlier this year and has suffered from a slump in the shipping industry. "Economic ministers discussed

the Daewoo problem recently and agreed that the giant company must not be left to go bankrupt," slid Choi Kyong Sok, director of the shipbulding division in the Trade Ministry.

Daewoo Group has 28 member companies and is one of South Korea's largest conglomerates. It re-ported combined profit of 35.2 bil-hon won in 1987, including a net loss of 69.4 billion won by its ship-building unit.

A company spokesman said many Daewoo companies bad guaranteed the shipbuilding sub-sidiary's debts and its bankruptcy

could endanger others in the group. The company spokesman said Daewoo was asking for state assistance now because its problems stemmed from a government order in 1978 to take over a huge, indebt-

FAt the time of the takeover, the gevernment promised Daewoo that the Korea Development Bank would hold a 49 percent stake in the shipyard, but the KDB now has far less than that share," the spokesman said. The development bank is state-run.

shipbuilding concern because its bankruptcy would mean the loss of jobs and would have political and economic repercussions through-

# California Vintners Faced With More Imports

By Lawrence M. Fisher New York Times Service

CUPERTINO, California -Erratic spring weather and two years of drought have dramatical-ly reduced this year's crop of northern California's premium grapes, putting the state's vint-ners in an economic bind and at risk of losing market share to im-

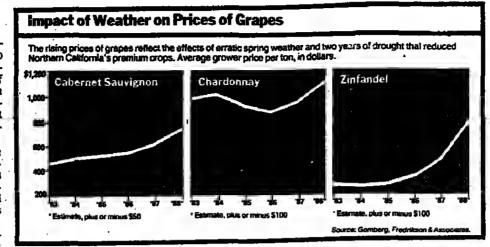
With grape prices tripling in the past year and a half, the vint-ners can either raise wine prices and risk competition from cheaper imports from Enrope and South America, or hold prices down and lose profit margins. "There are already inroads be-

ing made" by low-priced wines from overseas, said Jon Fredrikson, a partner in Gomberg, Fredrikson & Associates, a San Francisco-based wine industry consulting firm, "and once these guys get on the floor it will be very hard to displace them."

Michael P. Benziger, a partner in the Glen Ellen Winery in Sonoma, which will also 2.6 million large this year, said he was concerned that high grape prices and inexpensive imports could chiminate the popular premium niche for domestics. "Those guys are waiting to eat our lunch," he said.

The grape shortage hit hardest at the most dynamic part of the wine industry: producers of popularly priced premium wines, the \$4 to \$5 chardonnays and cabernets sometimes called the "fighting varietals."

Makers of higher-priced wines will feel the pinch as well, but that market is considerably less price-



Paul Draper, master wine-maker at Ridge Vineyard, held two clusters of grapes: one a plump bundle of perfect, ripe ca-bernet sauvignon; the other a sickly looking stem dotted with unformed and partly formed ber-ries among the firm number ries among the firm purple

"There," he said, lifting the second bunch, "that's what hap-pened to the California grape

The impact of the weather var-ied from place to place, and among different grape varieties, but by all accounts the area most severely affected was the north coast, which contains the regions associated with California's finest wine grapes; Napa, Sonoma and Mendocino.

In contrast, the shortage of Napa and Sonoma grapes made 1988 a boom year for central



Paul Draper compares damaged grapes with healthy ones.

coast, most growers had an excel-

In Monterey County, which lent harvest because there was no produces grapes that are considered good, but generally less degrapes' bloom time. The July heat

See WINE, Page 15

The move paved the way for Mr. Maxwell's successful completion of his \$90.25-a-share tender offer for all of Macmillan's shares and furthered his goal of becoming a major power in publishing in the United

blocked Macmillan from process ing with an agreement to sell the company to an investment group that included the puvout fir

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half of the company's shares. Macmillan said in a midafter-

noon announcement that its board had determined that the Maxwell offer was "in the best interest of all shareholders" and recommended

that they accept it.

The Macmillan board also took steps to dismantle its poison-pill defense against the Maxwell offer. The company became a takeover

target in mid-May when a group led by the wealthy Texan. Robert M. Bass, proposed a \$64-a-share

Mr. Maxwell joined the fray in mid-July and had been embroiled since mid-September in a bidding war with Kohlberg Kravis.

ment on Thursday, Kohlberg Kravis said it was dropping its tender offer of \$90.05 a share in cash and

viser, Robert S. Pirie of Rothschild

Inc. said he was confident that the publisher would get enough shares to secure control uf the company. He said at midday that the Bass group had advised him it planned

tender its 2.5 million shares to Maxwell. That block is almost 10 percent of Macmillan's 27.8 million shares outstanding.

The Bass group was believed to have acquired its stake for about \$60 a share, giving it a \$75 million profit on the investment before ex-The takeover fight included a se-

# Nabisco Managers Bid \$20.7 Billion, Top KKR

F. Ross Johnson, president and chief executive officer of RJR Nabisco, said the management group led by him, together with Shearson Lehman Hutton Holdings Inc. and Salomon Inc., had offered \$92 per share — \$84 in cash and \$8 in

Kohlberg Kravis, the Wall Street buyout specialist, has offered \$90 a share for 87 percent of RJR Nabisco's stock and securities of the same value for the remainder. Its bid values the company at \$20.3

RJR Nabisco's shares rose 25 cents to close at \$87 on the New York Stock Exchange.

By Patrick L. Smith

International Herald Tribune

sensitive trade surplus is expected to begin rising again in coming months, reversing a decline evident

earlier this year and renewing con-

cern that the nation faces another

round of damaging trade friction.

Citing new pricing strategies, production shifts and other adjust-

ments among Japanese manufac-

turers, economists and government officials say that Japan's powerful

exporters appear to be poised for

another assault on overseas mar-

kets in coming months, after mak-

ing modest gains in exports over

likely to decline significantly from recent levels, chiefly because per-

sonal and industrial demand is

dropping from the unusually high

levels reached earlier this year. The

exacerbated by recent falls in the

price of petroleum, which accounts for almost 10 percent of imports.

impact of this decline is likely to be

At the same time, imports are

the past year.

TOKYO - Japan's politically

ATLANTA — The management stockholders," Mr. Johnson said of RJR Nabisco Inc. announced "Our offer will be good for the Thursday that it would offer nearly company, its employees and the \$21 billion in cash and securities communities we serve because our for the food and tobacco giant, management group would bring topping the earlier record bid by the continuity and know-how need-Kohlberg Kravis Roberts & Co. ed to insure the continued longterm success of the business. The management group put RJR

Nabisco into play when it an-nounced two weeks ago that it was considering a \$75-a-share, or \$17 billion, offer to take the company

private.

Kohlberg Kravis, the leading leveraged buyout firm in the United States, quickly followed with its \$90 package. The buyout group has received

commitments for the required equity and subordinated bridge loans. Mr. Johnson said in a prepared statement.

Speculation that RJR Nabisco's management would unveil a bid Thursday had pushed up Nabisco

Given the momentum Japanese

exports have gathered in recent

months — they reached record levels in both August and September

strength is now viewed as being of

Japan Trade Surplus

Appears Set to Rise



Nabisco's Ross Johnson

stock \$1.125 a share before Mr. Johnson's announcement. Sources close to the situation

said that talks between Mr. John-son's group and Kohlberg Kravis broke off last week, but had later been revived.

Another leveraged buyout firm, Forstman Little & Co., reportedly has been considering entering the battle for RJR Nabisco, which rep-resents the biggest takeover offer

RJR Nabisco's board issued a statement Wednesday inviting other interested parties to bid for the 19th largest industrial concern in the United States, maker of such trade picture have quickly dissipat-ed fears that the dollar's apprecia-tion over the summer would be an impediment in the process of ad-justing global trade imbalances. brands as Winston cigarettes and Oreo cookies.

Charles Hugel, who is chairman of the committee of outside directors appointed to review takeover proposals, said the panel believed this will serve the best interest of all shareholders."

In a leveraged buyout, most uf the purchase price is borrowed money that is repaid with the ac-- the brief period of dollar quired company's cash flow or as-"Japanese exporters were put to set sales.

the test, and they've obviously passed it," said a trade analyst in The leaders of Kohlberg Kravis reportedly have fought the RJR Nabisco battle because they are in-Japan."They've found new niches in overseas markets and they're go- tent on retaining the firm's preing to be very competitive in them

eminence in leveraged buyouts.

The pursuit of RJR Nabisco has come amid a series of giant deals Thus hopes for a significant reduction in Japan's global trade sur-plus have more or less disappeared sector. Kraft Inc. has just agreed to since the Finance Ministry pub- a\$13.5 billion sweetened cash offer from Philip Morris Cos., another lished the current-account balance tobacco giant, while Pillsbury Co. continues to battle a \$5.23 billion bid from Grand Metropolitan PLC

# Macmillan Agrees to \$2.5 Billion Maxwell Bid

NEW YORK - After months of strongly resisting, Macmillan Inc. on Thursday threw its support behind the British publisher Robert Maxwell's \$2.5 billion takeover of-fer for the publishing and information services giant.

Ministry officials said the gov. If came one day after the Dela-comment had decided to help the ware Supreme Court effectively Kohlberg Kravis Roberts & Co.

**Currency Rates** 

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and Macmillan's senior manage-

Mr. Maxwell's tender offer was to expire at midnight Thursday, and he said be would purchase the stock Friday if he received at least

buyont. The company's shares were trading at about \$50 a share at the

After the Macmillan announce-

Mr. Maxwell's top financial ad-

See BID, Page 15

# STABILITY IS A FAST-MOVING PURSUIT.

for September last week.

While many economists antici-

See JAPAN, Page 16



Head office: 96-98 rue du Rhône, Geneva, tel. 022/37 21 11 or 32 65 80. Branch offices: in Zurich, Babnhofstrasse 20, tel. 01/219 61 11: th Lugano, Via F. Soave 1, tel. 091/2028 82; in London, 24 Grafton St., tel. (1) 4912211; in Nassau. Beaumont House, Bay Street. Luxembourg: Trade Development Bank (Luxembourg) S.A., 34, Avenue de la Porte-Neuve, tel. (352) 41893. In Asia, for private banking information, please contact American Express Bank Ltd. in Hong Kong and Singapore. In North America, for further information, please contact American Express Bank International in New York Miami. Los Angeles. Beverly Hills. San Francisco and San Diego.

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the pursuit of stability, call today or visit us the next time you're in Switzerland.

PRIVATE BANKING SOLUTIONS IN SWITZERLAND

TDBAMERICAN EXPRESS BANK



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Interest Rates

376-4 376-4 376-4 376-4 376-4 % 376-4 % 8-874 8 %-6 %

United States Discount rate Prime rate Federal funds 19,80 8% 7,85 7,35 7,47 8,80 8,00 3 5/14 7.85 7.34 7.44 8.00 Composer 99-179 days Smooth Treasury bills Gillouth Treasury bills U.S. Money Market Fund 2% 2% Clad. 315/16 — 4% — 47/16

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# Chief Executive at UBS Sees Problems Ahead for Banks in Switzerland

ZURICH - The Union Bank of Switzerland expects results this year to match those in 1986, the chief executive Robert Studer said Thursday.

The bank had not profit of 776 million Swiss francs (\$517.7 million) in 1986, although profits [ell 3 percent last year to 753 million

But Mr. Studer said prospects for 1989 and beyond were not as favorable. The uncertain outlook for world economic growth and Switzerland's stamp tax on securities transactions pose potentially

### **AEG** to Buy Stake In Siliconix Inc.

SANTA CLARA, California -AEG AG, a member of the Daimler-Benz group of West Germany, said Thursday that it would pur-diase a substantial stake in Sili-cenix Inc. and would work with Siliconix on the Power MOS and Spartpower semiconductor products under long-term agreements. The transaction, valued at about \$48.8 million at market prices, will give AEG a stake of 39 percent in

onix, which is planning to issue

additional one million new

shares of common stock. The pur-chase price was not given.

REAL ESTATE

lier levels despite continuing pres-

serious problems for banks in the country, he said.

This year, he said, higher volume This year, he said, higher volume business is suffering from the glob-business in the cannot be said. October 1987, Mr. Studer said.

Looking ahead to 1989, the and the firmer dollar were pushing al downturn in trading activity fol-net interest income above year-ear-lowing the plunge in equities in globalization, fewer and fewer customers will be willing to transact Bank income from foreign ex
"Added income from the lively securius business in Switzer change, banknote and precious pletely make up for loss of income, with less or even no tax liability."

of a Swiss money market that professional money managers desire. Liberalization of EC capital flows in 1990 will weaken Swiss National Bank's position that all bond and note issues denominated in Swiss francs be lead managed by

# Volkswagen's ADRs Could Serve as West German Model

FRANKFURT - Volkswagen AG's creation of a sponsored American depositary receipt facility, in an effort to broaden its appeal to overseas investors, may serve as a model for other West German companies, analysts say.

Volkswagen ADRs, each representing one-fifth of a VW bearer share with a par value of 50 Deutsche marks (\$28), began trading on the U.S. over-the-counter market last week. That will make it more convenient and less expensive for Americans to invest in VW, analysts say. VW is the first West German company to

launch a sponsored ADR. An analyst for Citibank in London said another German company had completed the necessary steps for a sponsored ADR program, but was waiting to announce it with year-end results. He declined to identify the company. Analysts said likely prospects included BASF AG, Bayer AG, Hoechst AG, Siemens AG and Daimler-Benz AG.

world," the Citibank analyst said.

Stringent U.S. Securities and Exchange in 1983, 155 are British.

Commission requirements, which demand much more detailed company disclosure than firms may now be ready to follow their lead, West German regulations, have kept German firms from seeking official listings.
But in establishing a sponsored ADR facility,

companies are generally granted an SEC exemption and they file only the information
required under West German law, said Andreas
von Buddenbrock, vice president of J.P. Morgan GmbH. J.P. Morgan & Co. is the depositary for Volkswagen's ADRs, which had previously been trading on an unsponsored basis.

Most West German multinationals already
have unsponsored ADRs, but with one depositary bank acting as a sponsor firms can better control how many instruments are issued, Mr. von Buddenbrock said. Unsponsored ADRs have lost popularity in the United States be-

cause they often carry dividend restrictions and brokerage fees are generally higher, be added. "A lot of companies are realizing the globalization of equities markets and the globalization of their own products fit in with having lar among British companies, a London analyst

their shares available on markets around the said. Of the 200 companies worldwide that have adopted this instrument since its introduction

Swiss-domiciled banks.

said Hans-Joachim Pilz, equities analyst for the Bank in Liechtenstein.

"This would help them get a foot in the door," Mr. Pilz said, "and then if they do want a full listing in the U.S., they will have gained valuable experience in dealing with the SEC."

Peter Schleien, spokesman for VW, said the company would not seek a full listing until the SEC regulations for foreign companies are

changed.
"We are keeping a close eye on the requirements and if we see an easing of policy, then it's a good possibility we could apply," he said.

VW's decision to create a sponsored ADR facility is part of the company's larger scheme to increase its visibility internationally, Mr. Schlelein said. The company has made presentations in Paris, London and New York, plus a series of more low-key investor symposia in other large U.S. cities, he said. A Tokyo listing is also planned, he added.

# Brazil Pact to Boost Banks' Profits Interest Payments, Buyout Fees Clear Way for Charges

NEW YORK — Resumption of interest pay-ments by Brazil on \$67 billion of bank loans plus lucrative fees from leveraged buyout deals will provide banks with the cushion necessary to begin

restructurings in the fourth quarter, analysts say.

Brazil and Crubank announced on Wednesday that an \$82 billion debt restructuring package had been completed, which will allow the nation to start drawing funds by the middle of the month. The package should enable Brazil to bring interest payments to commercial banks up to date and in turn boost U.S. commercial banks' earnings.

The loan agreement, reached in June and signed in September, will give Brazil \$5.2 billion in new loans. It also reschedules old loans and covers various short-term trade loans.

The agreement will enable Brazil to bring back interest payments up to date for the first time since February 1987, when it declared a moratorium on interest payments to banks. From that time the banks had put their Brazilian loans on a nonaccrual status, meaning they would not count interest as income until it actually came in.

Brazil is the developing world's largest debtor, with \$120.3 billion of external debt.

This quarter, banks will be more aggressive in writing off problem loans, including those to developing countries, to Texas and to the real estate sector, analysts said. They said banks would also close branches and fire people.

"We might see some unusual expenses or aggressive posting of loan losses in the fourth quarter," said Cheryl Swaim, an analyst with Oppenheimer

& Co., "especially since Brazil and leveraged buyout income will mitigate" adverse effects.

"Banks will take 1989 expenses in 1988," she added. "We are looking to the fourth quarter for

house cleaning."

Lawrence Cohn, an analyst with Drexel Burnham Lambert, said, "The fourth quarter is going to be a terrific quarter, partly because of Brazil and partly because there are zillions of leveraged buyont deals in the marketplace. If banks have problems, this is the time to clean them out." "All the big banks have room to do more re-

structuring, every single one," he added. "BankAmerica Corp. is talking about taking a big restructuring charge in the fourth quarter," Mr.

Norman Jaffe, an analyst with Fox-Pitt Kelton Inc., said the fourth quarter may also see some margin shrinkage as banks fight to attract investors to their certificates of deposits. CDs bought by investors seeking safe investments after last year's market collapse are now coming due, he noted.

"Investment banking fees ought to be stronger, especially for the major LBO players: Manufacturers Hanover Corp., Bankers Trust New York Corp. and Citicorp." said Stephen Berman, an analyst with County NatWest USA.

Mr. Cohn said that before taxes, booking Brazilian interest this quarter will boost bank earnings per share by \$6 for Manufacturers Hanover and Chase Manhattan Corp. \$3.50 for Chemical Banking Corp., \$2 for Citicorp and BankAmerica, \$1.50 for Bankers Trust, and \$1.25 for J.P. Morgan & Co. and First Chicago Corp.

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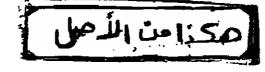
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# Rothwells Applies for Receivership Italy Joins

PERTH, Australia — Rothwells field, formerly a high-flying invest-ment; bank, announced Thursday that it had applied to the Supreme Court to go into receivership with about 500-million Australian dolais (\$412 million) in babilities.

The news put an end to months of speculation about the merchant hank's liquidity and two days of alks to find a financial backer for the company. The investment bank said the filing was prompted by its ailure to resolve a credit crisis.

"The negotiations continued onstop, but the company was still port of the necessary credit faciliies," the managing director, Tony Bloyd, said in a statement. "At that time, there was no alternative but apply to the court."

The move follows an injection of nore than 700 million dollars in inancial help and guarantees from he Western Australian State Gov-

### BID: Maxwell Wins

(Continued from first finance page) nes of rancorous courtroom bat-lies, but Wednesday's decision by the Delaware Supreme Court gave

Mr. Maxwell the edge.

The court ruled that Macmillan management had unfairly tipped Kohlberg Kravis about Mr. Max-well's latest offer during a bidding auction in late September, enabling Kohlberg Kravis to submit a higher bid and obtain an option to buy four key Macmillan operations for \$865 million if the merger fell through.

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The court blocked the Macmil-Bin merger agreement with Kohlberg Kravis as well as the lockup provision on the sale of the four businesses.

Bert Boksen, who follows the publishing business for Raymond fames Financial Corp. in St. Pe-fersburg, Florida, and Mr. Maxwell's brownt effort amounted to the "the first successful hostile takeover of a domestic publishing

He said it was also helped by the dollar's decline.

Among the recent acquisitions are Pearson PLC's \$283 million purchase of Addison-Wesley Publishing Co.; News Corp.'s \$300 million acquisition of Harper & Row Publishers; and Hachette SA's \$450 million buyout of Grolier Inc.

Mr. Maxwell has long stated his intention of making Maxwell Communication: Corp. into a global communications giant. The London-based company had revenues of about \$1.5 billion last year.

a recapitalization plan instead. grapes."

Mr. Maxwell owns printing operations that have made him the exp for a higher price," he said. second largest U.S. printer, and he announced plans last week to buy the airline guides operation of Dun & Bradstreet Corp. for \$750 mil-

Mr. Piric of Rothschild said Mr. Maxwell indicated that he had no plans to sell any of Macmillan's

But Mr. Boksen said that if Mr. Maxwell did sell something to help pay for the takeover, it would likely be the Katherine Gibbs secretarial and Berlitz language schools and retail operations.

Macmillan carned \$70.7 million on revenue of \$955.8 million m

Its publishing operations including textbooks accounted for about 46 percent of its sales and 41 pereent of its operating income in 1987, while information services such as legal databases and directories comprised 24 percent of its 1987 sales and 40 percent of its erament and its agencies, Bond Corp. Holdings and a panel of companies arranged by its chairman, Alan Bond, and the former Rothwells chief executive. Laurie Connell, who resigned Monday.

The state government has been criticized for supporting Rothwells since last year's world stock collapse, both directly and through major deals with agencies such as the State Government Insurance

The federal attorney-general, Lionel Bowen, and Prime Minister Bob Hawke have resisted requests to open a commission of inquiry into the decline of Rothwells since

Despite the woes of Rothwell. National Australia Ltd. said a 150 million dollar credit line it extended to the investment bank had been repaid. The bank chairman, Nohby Clark, said in a statement, "The bank is satisfied that there is no reason to make any write-off or

of this facility."

When appointed, the receiver will take charge of the affairs of the company until all debts are paid. Rothwells, based in Perth, first

encountered financial difficulties just after the collapse of global eq-uities in October 1987, which ulties in October 1987, which included in a ruling by the Europe-sparked a run by depositors. The an Commission on whether France concern relinquished its license to deal in securities last November. Rothwells has an estimated

not immediately clear how badly they will be burt. Western Australia's financial

tion, hoping there would not be an

overreaction. As an investment hank, Rothwells is not subject to regulation or supervision by the Australian central bank, the Reserve Bank of Australia. The bank also has no obligation to help Rothwells' depositors. (Reuters, AP, AFP)

# Net Profit Increases 32% For Akzo in Third Quarter

AMSTERDAM - Akzo NV re-

ported Thursday that net profit in the third quarter rose 32 percent, to 206.3 million guilders (\$103 milion) from 155.8 million guilders in full years. the year-earlier period.

The chemical group said net profit per share climbed to 5.13 ilders in the latest quarter, from 3.87 guilders a year earlier. The company's dividend remained the same at 1.50 guilders.

Net sales rose to 4.13 billion guilders from 3.87 billion guilders. Op-erating costs totaled 3.78 billion guilders, up from 3.62 billion guilders, while operating income stood at 352.8 million guilders, compared with 253.9 million guilders.

By business, operating income broke down as follows: chemical products, 192 million guilders, compared with 95 million guilders; man-made fibers, 2 million guilders, compared with a loss of 24 million; coarings, 67 million guil-ders, from 64 million; pharmaceuticals, 82 million guilders, from 80 million; miscellaneous products, 16 million guilders compared with 7

guilders in the quarter, compared with 63.1 million guilders a year

The company also reaffirmed that it expected net profit for the full year, before extraordioary items, to be significantly above the 1987 level of 669 million guilders.

"We believe that the current strong performance will continue in the fourth quarter," the company said. Akzo said that its investment

and acquisition activity would remain intensive and that it was considering shortening exercise time on warrants outstanding to bolster its capital base quickly. A spokesman later said the re-

mark concerned two million warrants outstanding sold in 1986 for 48 guilders each. One warrant gives the right to one Akzo share for 120 guilders if exercised before Sept. 1. 1991. If all the warrants were fully exercised, capital would increase Akzo noted that it had spent 300

million guilders on takeovers in the first nine months of the year and had 900 million in cash balances at the end of the third quarter, un-

# provision in its accounts in respect Battle Over Nissan Sales

ROME - Italy would like to be should exclude British-made Nissan cars from its strict import quotas on Japanese cars, a Foreign 1,000 small depositors but it was Trade Ministry spokesman said Thursday.

Italy has a ceiling of 3,300 car imports a year from Japan, but sector treated the news with cau- allows a further import quota of European-made Japanese cars, set

this year at 10,500. France insists that Bluebird cars made in England by Nissan Motor Co. of Japan should be included in a quota limiting Japanese car imports to 3 percent of the French market, arguing that less than 80 percent of the cars' content is European and that the cars are therefore

apanese imports.
The British government has complained to the European Com-mission. It says that the cars should qualify as European-made as they have 70 percent European content. The Italian foreign trade minis-

ter, Renato Ruggiero, has oow written to the commission asking that any ruling on the French-British dispute be extended to cover

Italy.

The British-made Nissans are not included in either Italian quota. However, the Italian government would include them in the quota for European-made Japanese cars if the European Commission ruled in favor of France in its dispute with Britain, the ministry spokesman said

The ministry spokesman said ltaly believed that the definition of a car as Japanese or Europeao should depend not only on percentage content but also on the quality of the European workmanship in-

Italian imports of Japanese cars were running at 13,775 units in the first nine months of this year, virtually up to the ceiling for the whole year and representing just 0.8 percent of the domestic market. No Nissan Bluebirds have so far

been imported into Italy. France and Italy have long been noted for a restrictive auto import policy, while Britain and West Germany are relatively liberal.

# Akzo paid taxes of 100.5 million changed from the end of 1987. WINE: California Must Hold Prices or Face Imports

(Continued from first finance page) was also less intense than in Napa. "This was my best harvest ever across the board," said Richard Smith, president of Valley Farm He was thwarfed last year in an Management Inc., and of Monteeffort to acquire Harrourt Brace, sey County-Wine Associates. It was Jovanovich Inc., a Florida-based also "without a doubt the best detextbook publisher that underwent - mand year since I've been growing

> "They spent so much time outbidding each other it got ridiculous."
> Mr. Smith sold 200 tons of 1988
> zinfandel for \$900 a ton, compared
> with \$316 a ton in 1986, and "lots
> of chardonnay for \$1,600," up from

\$768 two years ago.
"It's ridiculous because I'm concerned for the long term," he said.
"I don't need \$900 a ton to make a living, and I don't want \$900 a ton to mean the wineries have to raise

prices to the point where people buy Italian wine or German wine." On the north coast, the high prices and demand are likely to speed a planting spree already under way, which could recreate the grape glut of the early 1980s.

"When you have dramatic price

increases, farmers rush in to plant more acres," said Mr. Fredrikson, the San Francisco consultant They are accelerating the wine grape cycle to the point where we're fearful of an oversupply within two

But to meet the current shortage, Charles F. Wagner, president of Caymus Vineyards, imported bulk Chilean cabernet and chardonnay for his low-priced Liberty School brand, shocking many of his Napa neighbors... The cost of anything we could

find in this country was prohibitive," Mr. Wagner said. He said he was not certain the Chilean wine would remain available for the long term, but be said he was not concerned: "Down the road we will have a chardonnay

Many growers saw their smallest harvest in recent history, down by 30 percent or more from a normal

The overall harvest was still the largest ever, spurred by big yields in the Central Valley. But those grapes are used primarily in mexpensive jug wines, a segment of the market that is slowing, while sales of premium wines are growing by

percent a year. As of Oct. 8, with most of the harvest complete, the total crop for all districts in the state was up 3 percent, to 2.48 million tons, while the north coast crop was down 11 percent, to 226,000 tons.

Committed to producing wines from specific regions and designated vineyards, Mr. Draper of Ridge Vineyards resigned himself to mak28,000 cases instead of Ridge's maximum of 40,000 - and has not decided bow to price the more costly 1988 vintage. Fortunately, quali-ty was high despite the difficult weather, Other vintners, unable to find

suitable California grapes at a reasonable price, imported grapes or bulk wine from overseas. Much of this wine was labeled in such a way that its origin, while not disguised,

was not immediately apparent.
Although Caymus packaged Chilean wine under its Liberty School brand, it used a different label, Canandaigua Wine Co. mar-keted a white zinfandel that announced its origin in Brazil in tiny

Trader Joe's, a large Southern California retailer, bottled varietals from France for its house brand. with labels very similar to its Cali-

Grape growers say the drought played a role in the short crop, but a greater problem was the peculiar weather last spring. During the cru-cial period when the vines flower and the grapes begin to form, or set, late rains and wide swings between warm and cold days dis-turbed the maturation process, producing small green berries that never grew into full grapes. Extreme and unusual heat in

July compounded the problem for

# U.S. Assails Bonn on Airbus Subsidy

ficial expressed concern Thursday about a plan by the West German

exchange rates as part of a deal pute with Airbus. involving Airbus Industrie. Alfred H. Kingon, the U.S. amreports of the proposal were true, government is going to subsidize its minute objections from the Free "that would be very, very trouble-some for the United States."

"Once you get into government subsidies on exchange rates." be said, "you're opening up a Pandora's box."

part of a package the government has worked out to allow Daimler-Benz to take a 30 percent stake in Messerschmitt-Bolkow-Blobm GmhH, a German state-controlled aerospace company.

If approved, the plan would allow Daimler-Benz, West Germaoy's largest industrial concern, to go ahead with a restructuring of the German aerospace industry.

It would also phase out the government's involvement in Airbus Industrie, a four-nation European coosortium that competes with Boeing Co. and McDonnell Douglas Corp. The four governments in Airbus are Britain, France, West Germany and Spain.

The deal would transfer West Germany's share of Airbus, now controlled by MBB, to Daimler-

The plan would grant 5 billion Deutsche marks (\$2.8 billion) in new subsidies for Airbus over the next 10 years. About 2.6 billion DM of that would go to protect Daimler-MBB from any Airbus loss on the A-300, A-310 and A-320

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The Associated Press models caused by a decline of the terms of exchange rate guarantees, BRUSSELS — A senior U.S. of-dollar to a level of 1.60 DM. then what do you do for all the Mr. Kingon said the proposed risk guarantees for Daimler-Benz other industries in your country? Is every government going to guaran-tee against loss because of exgovernment to protect Daimler- would represent "a big additional Benz AG against fluctuations in obstacle" to resolving a U.S. diswould represent "a big additional

"We've been working very hard with the Europeans to solve that bassador to the European Commu- problem and making a lot of pronity, said in an interview that if the gress," he said, "But if the German

> Airbus consortium member on exchange rate guarantees, we've never accepted that. "If you subsidize one industry in government on Monday.

# a's box." The exchange rate guarantees are BOEING: Poland to Lease Jets

about a possible 767 sale. He said Malev had leased Boeing 737s, a smaller twinjet, through a third

Any sales to Eastern-bloc nations must be approved by the U.S. departments of state, commerce and defense, to ensure that technology with critical military applications is not transferred to Communist countries.

The Yugoslav airline, JAT, has long been a customer of Boeing, as has the Chioese government. Tarom bought two 707s from Boeing in 1973.

Richard Albrecht, executive vice president for sales and marketing with Boeing Commercial Air-planes, said Wednesday that "we're hopeful of receiving some orders from Eastern European compa-

He said Boeing would like to sell jets to the Soviet Union, Although company officials talked to the Soviets in the mid-1970s about selling some airplanes, nothing ever came

of it. However, he said, Boeing officials talked again with representa-tives of the Soviet aircraft industry lası year at a San Diego air show.
(Reuters, AP)

then what do you do for all the

Martin Bangemann, the West

German economics minister, said

the government had discussed the

proposal on Wednesday, but no

final decision was made after last-

Democratic Party, the junior coali-tion partner. He said he expected

the plan would be approved by the

change rate fluctuations?"

■ Britannia Orders Boeings

The British charter airline Britannia Airways Ltd. said Thursday that it had ordered eight Boeing 767-200 aircraft, providing the second British sales coup for Boeing in two weeks, Reuters reported from

The deal, which is worth £590 million (\$1.05 hillion) is also Britannia's biggest order in the 26 years it has been operating.

British Airways PLC, the British flag carrier, said on Oct. 21 that it had signed a memorandum of understanding with Boeing for the supply of aircraft worth a minimum of \$1.78 billion.

# Net at KLM Rises 26% on Traffic Gains

AMSTERDAM - KLM Royal Dutch Airlines surprised the stock market on Thursday with a jump of 26 percent in net profit for the second quarter of 1988.

Profit rose to 180.3 million guilders (\$90 million) for the quarter ending Sept. 30 from 143.0 million a year carlier. Profit per share was 3.41 guilders, compared with 2.81. KLM shares closed on the Amsterdam stock exchange Thursday at 40.10, up 1.20 guilders.

The airline said pretax operating profit was 234,2 million guilders, up from 143.0 million a year earlier.

Brokerage analysts said a strong expansion in the air-line's traffic was at last showing results. "KLM has shown a constant rise in the load factor for two years but it never showed up in profits until now," said Bas Rijke at the Mulco brokerage. KLM has been allowed to

subtract past losses from current profits for decades. But after more than 10 years in the hlack, it may now start paying out, analysts said.

The airline said it expected net profit for the year to be at least equal to last year's 314 millioo guilders.



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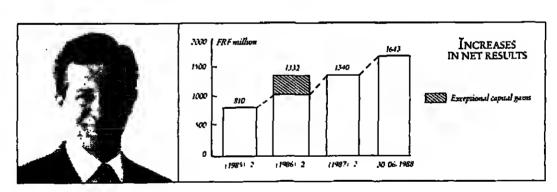
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# SOCIÉTÉ GÉNÉRALE FIRST HALF OF 1988, THE RESULTS YOU HAVE BEEN WAITING FOR:



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SUSTAINED ACTIVITY IN THE FIRST HALF OF THE YEAR

Deposits have risen by 6.7%, and outstanding loans by 10.4%. The increase in loans to private customers was particularly marked (26% compared with the first half of 1987 in the case of Société Genérale's domestic network).

Specialised financing and capital market activities have also increased significantly

A MARKED INCREASE IN RESULTS

- Net banking income: 6.4% higher than in the first half of 1987.

- Administrative expenses: up 7.4% compared with the first half of 1987. This rise is due mainly to the development of both French and foreign subsidiaries engaged in specialised financing and capital market activity.

- Gross operating profits: FF 4,776 million, up 4% on the first half of 1987.

- Net profit: FF 1,643 million, up 22.6 % compared with the first half of 1987, of which the Société Générale Group's share is FF 1,438 million (up 21 %).

INCREASE IN SHAREHOLDERS' EQUITY Shareholders' equity has increased by 5.8% since 31 December 1987 and by 11.7% over the year. After the dividend payment in the form of shares and the September issue of convertible bonds, the potential increase in shareholders' equity is equal to 21.4% of the equity on 30 June 1988.

For further information please contact our "Shareholders Information Service" in Paris, telephone: 33.1.40.98.52.16.

SOCIÉTÉ GÉNÉRALE



### **CURRENCY MARKETS**

# **Dollar Inches Up in Quiet New York Trading**

Compiled by One Stoff From Dispatches
NEW YORK — The dollar advanced slightly Thursday in quiet
trading, reflecting short-covering
before 11.5 complements data to be before U.S. employment data to be released Friday, dealers said.

They noted that the closure of the Tokyo market for a holiday left the market with little direction. Earlier this week, strong Japanese selling of dollars pushed the currency below the important 125 yen level, despite efforts by the U.S. and Japanese central banks to support the dollar

"The market is still bearish," said John Lynam, a vice president of Security Pacific International

Dealers noted that in addition to the employment figures, the market was awaiting the results of next week's U.S. election.



The U.S. currency inched up to 124.575 yen at the close, from 124.325 at Wednesday's close, while it advanced to 1.7783 Deutsche marks from 1.7738 and to 1.4903 Swiss francs from 1.4888.

The British pound, which strengthened markedly Wednes-day, slipped back to \$1.7778 at the close from \$1.7815, while the dollar also advanced against the French franc, to 6.0720 from Wednesday's

In London earlier, the dollar

"The guidance for the market has been coming from Tokyo, but with Tokyo out it isn't going anywhere," said Robert Hatcher of Barclays Bank in New York.

The dollar ended at 1.7715 Deutsche marks, down from Wednesday's close of 1.7795 DM, and at 124.20 yen, down from 124.65. It closed at 1.4864 Swiss francs, compared with 1.4974, and at 6.0555 French francs, compared with

The British pound was slightly onger against the dollar, clos at \$1.7810, compared with \$1.7775. Dealers also said interest in the dollar was dampened by anxieties about the U.S. jobs data.

The U.S. election next Tuesday dipped in late trading to close and the perceived intention of cen-weaker after moving within narrow ranges during a dull session.

and the perceived intention of cen-tral banks to stop the dollar from falling before then kept the market on edge, dealers said.

"Those who are not strongwilled are tempted to square their positions now," said Anthony Mathers, head of treasury at Westpac Banking Corp. in London. But on the other hand, a small recovery in the dollar is a possibility - bence the range trading."

Dealers are especially looking to the October jobs data for an indication of U.S. economic strength. Economists' median expecta-

tions centered on an unemployment rate almost unchanged from September's 5.4 percent and on the rise in nonfarm jobs to slow to 235,000 from 255,000 in Septem-(Reuters, UPI)

go their own way and prices will collanse"

Compiled by Our Staff From Dispatches OSLO -Subroto, the secretarygeneral of OPEC, said Thursday that there would be no oil production agreement at the Vienna meeting of OPEC ministers and oil prices would collapse if Iraq did not accept a production quota.

His comments were made on the reached same day that the International Energy Agency released a report saying world oil supplies outside of centrally planned economics had risen in October to the highest level

On a visit to Oslo, Subroto, the former oil minister of Indonesia, said that if a production agreement were signed at the Vienna talks, was briefly interrupted by Subrodue to start Nov. 21, the Organiza- to's remarks. tion of Petroleum Exporting Countries would make concrete propos-als on cooperation with non-OPEC oil producers.

Subroto said the major problem

Subroto Sees Oil Collapse if Iraq Balks at Output Accord

facing OPEC was the persistent refusal of Iraq to accept an output quota that is less than that of Iran. He declined to forecast how low prices might go if an accord is not

West Texas Intermediate, the U.S. benchmark crude, rose 13 Norway's planned increase in oil cents in New York on Thursday to \$13.88 a barrel for December delivery. North Sea Brent rose 30 cents to \$12.55 a barrel in London. Traders said the market's slow

upward momentum, which began Wednesday in the United States, Subroto, in Oslo as part of ef-

forts to seek cooperation from oil producers who are not members of OPEC, said he had asked the Nor-However, if Iraq fails to sign an wegian oil minister, Ame Oeien, agreement that includes all 13 for continued support in the form members of OPEC, "everyone will of production curbs."

Norway, the biggest oil producer in Western Europe after Britain, has dreatened to drop curbs on the In its monthly oil-markets surexpansion of its output if OPEC fails to restore discipline at its Vi-

enna meeting. "We plead and ask and appeal that Norway should continue its

reduction," said Subroto. He also expressed concern about production, chiefly from new fields, next year. Norway expects production capacity to increase to 1.5 million barrels a day when its new Oseberg field comes on stream. It now pumps around 1.1

million barrels. Meanwhile the Paris-based IEA said Thursday that oil supplies on the free world market rose to 52.3 million barrels a day in October from 51.5 million barrels in September. The figures include oil production by OPEC, the 24 industri-

vey, the energy agency said Middle East Gulf states accounted for the largest share of the increase. Their output rose by 500,000 barrels a day to 14.6 million barrels a day.

The IEA estimated that total average crude production by OPEC members was near 21.1 million barrels a day in October, up from 19.6 million barrels in September.

It said the entire increase in OPEC output was due to Saudi Arabia, OPEC's largest producer. Saudi production climbed from 4,9 million barrels a day in September to 5.5 million barrels, the kingdom's highest monthly level since August 1986.

The agency forecast that for 1988 as a whole, total consumption was expected to be 1.7 percent alized countries grouped in the above the 1987 level, at 36.4 million Organization for Economic Coopbarrels a day. (Reuters, AFP)

# Dealers Say Rally in Gold May Not Last

LONDON — The price of gold has risen sud-denly after a period when the bullion market looked almost dead, but the rally has shown signs that it could be short-lived.

Jitters before the U.S. presidential election next Tuesday and concern for the health of Emperor Hirohito in Japan, plus a speculative rally in platinum, have helped revive the gold market after two flat months, dealers said.

In London trading on Thursday, gold bullion closed firm, but well off its session highs, at \$422.35 an ounce, up about \$5 an ounce from Wednesday. The \$425 level is considered techni-

Gold futures closed lower in New York on profit taking and a slide in the dollar. Gold for December delivery was off 50 cents an ounce to \$423.70, near the bottom of the day's range. Earlier in the ses-

sion, the price went as high as \$427.20.

Gold is popular with investors when they fear higher inflation, against which it provides a hedge, or when they seek a safe haven during periods of political tension. It peaked at around \$850 an ounce early in 1980 during the U.S. hostage crisis in Iran, a time when inflation was also high.

Global inflation fears have abated recently and, while bullion analysts said new speculative buying could drive the price of gold higher, they wondered how long it could advance, especially as there is willing supply from leading producers.

Higher gold prices are in part a belated response

to a major rally in the more volatile platinum market, where there are fears about supply short-ages, and also to weakness in the dollar, experts

Platinum futures hit four-and-a-half-month highs in New York trading Thursday before re-

treating on profit taking.

The early advance stalled at \$592 an ounce, below the psychologically important \$600 level. Platinum for December delivery closed off 90

cents an ounce at \$577.70. Before the drop, platinum had accumulated gains of more than \$50 an ounce in four consecutive days of trading.

in London trading earlier Thursday, platinum peaked at \$589.50 an ounce before falling back to close at \$582.25 an ounce, up \$3 from Wednesday. Nick Hatch, a mining specialist with the London prokerage Kleinwort Grieveson Ltd., said, "You do tend to get gold sucked up in the wake of the

He said some trade houses had platinum/gold switch programs, which triggered gold buying once the price between the two metals widened sharply. Mr. Hatch said there was also talk that gold buying in Asia was led by speculation that Japan may issue a new gold com to commemorate Emperor Hirohito.

Even as gold rallied, selling by producers Australia and Canada was apparent, a London dealer for a Swiss bank said.

# JAPAN: Trade Surplus Expected to Grow, Raising Specter of Another Round of Friction

(Continued from first finance page)

lower merchandise surplus, they add that it is likely to be at least 1990 before this becomes apparent. Depending on oil prices, over-seas demand and other variables, the surplus in the fiscal year to next March could approach the \$94 bil-

lion reported for 1987-88. For the first half of Japan's current fiscal year, the surplus stood at \$43.3 billion on a balance-of-payments basis. Given signs of increased exports and reduced import growth, Tokyo's official target for the year — a 14 percent drop in the surplus, to \$81 billion — is now seen as almost unattainable.

Despite progress in reducing Ja-pan's bilateral trade surplus with the United States, economists now question whether this can be sustained at a pace that would carry the process into next year. The dollar's current weakness

against the Japanese yen is one sign of anxiety about the emerging trade picture in financial markets. Among both investors and government officials, there are mount-

ing concerns that another dramatic

slide in the dollar may be imminent

pate renewed progress toward a the Bank of Japan and other cen-

tral banks In its trade with Europe, Japan's imports and exports have both in-creased dramatically this year — by 17 percent and 12 percent in the April-to-September period. But the trade gap is widening nonetheless. since imports are growing from a much smaller base.

"I think we're headed for further trade problems with both Europe percent in volume terms from a seas has not yet been felt. and the United States," said Eric year ago. Rasmussen, chief research economist at Jardine Fleming (Securities) Ltd. in Tokyo. "The earlier trends are all reversed, and I don't see any

easy answers for anybody."

Many economists believe Japan's trade account is likely to resame its decline in the second half of next year. In the current transi-tional phase, however, the factors that will contribute to further reductions in the surplus are ironically helping to worsen it.

With the appreciation of the yen that began three years ago, Japa-nese industry was expected to lose 87 percent, to \$1.2 billion. its ability to compete in many tra-

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expected to reduce Japan's exports competitiveness more quickly than for the first time in Japanese histo-and to one degree or another all are we expected." now established economic trends.

themselves as strong competitors in

than consumer products. Exports of computer equipment in the five months through August were up 28 percent, to \$4.6 billion. Among other emerging industries, overseas sales of video cameras were up 72 percent, to \$1.8 billion; telecommunications equipment, including facsimile machines, rose

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This doesn't mean the Japanese

overseas in favor of low-volume, high-value goods.

All of these developments were discussed industry have recovered their cent of total imports in September

Japanese trade officials are look-Reflecting the globalization of Japan's major markets to reduce anese manufacturing for instance. Japan's major markets to reduce exports of home appliances—once the flow of exports. More fundamentally, they say, the full impact seas earnings - are currently off 25 of the relocation of industry over-

To demonstrate the relative With unexpected speed, howev- weight of these factors, officials er, manufacturers have established point to a 65 percent rise in the value of semiconductor exports, to fields in which Japan has become \$2.7 billion, in the five months newly competitive. Most of these through August. This is partly atare less sensitive to exchange rates tributable to a worldwide shortage, they say, and partly to demand

from Japanese subsidiaries abroad. "In some products, exports simply have to increase to keep pace with the spread of Japanese manu-facturing. Mr. Kawano asserted. This will change as overseas facilities begin producing their own

More immediately, Mr. Kawano and other officials are concerned ditional areas, shift a significant economy isn't going in the right di- that lower oil prices will obscure proportion of production offshore rection," said Hirobumi Kawano, the progress that has been made in

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without continued intervention by and rely less on high-volume sales director of the export division at the restructuring the Japanese econo-

peak, at least temporarily. Industrial output in Japan, which has been a major factor in attracting imports, has dropped from an annua-lized rate of 21 percent a year ago to roughly 8 percent in recent

As exports also advance to record levels, economists have con-cluded that currency adjustments made over the past several years have simply not been sufficient to induce the degree of adjustment in Japan's surplus that had been anticipated. Some Tokyo analysts estimate that the surplus in Japan's visible trade is likely to rise to a record \$100 billion in 1989.

"We've got further distortion in the Japanese trade account to come," said David Pike, chief economist at UBS/Phillips & Drew in Tokyo. "But longer term, it's more a matter of things getting some-what worse before they get better."



MASDAQ prices as of 4 p.m. New York time. This list, compiled by the AP, conc' vis of the 1,000, most traded securities in terms of dollar value, it is updated twice a year.

Via The Associated Press Div. YRL PE 1005 High Low 4 P.M. Chiga

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# 1992

# The World's Rendezvous With Europe

The Common Agricultural Policy / Subsidies and Surpluses

# EC Restructures Programs But Avoids Timetable

The wine and milk lakes are draining, the butter and grain mountains
are shrinking, and the European
Community is trying to move away
from the subsidy progams that created them in the first place.

"We are successfully tackling the problem," says John MacGregor, Britain's minister for agriculture. "The surpluses are being brought under control."

However, he continues, the EC still has a long way to go in revamping its agricultural policy. "Tha disciplines of the marketplace need to be brought line greater play," Mr. MacGregor adds.

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Just how that will be accomplished remains uncertain. Considerabla controversy continues, both within the EC and among its agricultural competi-

The EC is clearly reluctant to cut off all farm subsidies

tors, over the shape of future policies to ease subsidies and guarantee that such surpluses never again blight the economic landscape. An important accompanying factor is how such reform can accommodate increasing environmental concern over protection of the land.

Inside the EC, a critical question is whether new farm policies can impose a market-driven efficiency that both brings prices down for consumers but at the same time maintains income for producers.

Outside the EC, a key Issue is whether agreement can be reached with trading partners and rivals such as the United States, which thinks that subsidies in Europe are being lifted too slowly. The conflict between the EC and the United States, which

wants all farm subsidies scrapped by tha year 2000, may come to a head next month when General Agreement on Tariffs and Trade (GATT) trade ministers meet in Montreal.

The Common Agricultural Policy (CAP), begun in 1962 with the goal of guaranteeing that Western Europe could feed itself, has over the years used a series of quotas and subsidies to regulate production levels and prices for virtually all farm products in the EC. But it was what EC officials call a "reactive" system, responding to problems — oversupplies, undersupplies, rising and falling markets — by imposing artificial restrictions and Incentives.

The EC butter mountain has been a prima example. To protect dairy farmers, the CAP mandated high prices on butter and bought oversupplies. So tarmers overproduced. As the butter mountain climbed — to 1.2 billion metric tons in 1987 — storage costs rose to an estimated £1 million (\$1.76 million) a day. And the EC sold it off for less than it had paid the farmers — much of it to the Soviet Union at a 7 percent loss, not counting storage

"First, EC customers were prevented from buying that butter cheaply, at world prices," says Jill Moore of Britain's "National Consumer Council. "Then, as taxpayers, they had to pay tor storing it. Then they paid to have it sold off to other countries cheaply."

Mrs. Moore was the director of research for a recent project that showed tha weekly grocery bill for the average family of four in the EC was £13.50 (U.S.\$24) higher because of EC subsidies. "Sometimes, in order to get rid of food, the EC has to pay in export subsidies nearly as much as it

See Restructuring, page II



The Common Market / The Challenge of Integration

# Europe's Food Industry: Toward a Barrier-Free Diet

Even the most ardent advocates of European integration are unwilling to diminish the delights of European cuisine. New rules will be introduced to abolish non-tariff and other trade barriers on food products among the 12 European Community countries, but they will be aimed at respecting national preferences.

A report earlier this year from the European Commission's Cecchini Commission said national characteristics weigh more heavily in the food industry than in any other. The U.S. management consultant MAC Group, which prepared the agribusiness section of the report, found that non-tariff barriers in the food trade have increased rather than decreased in re-

cent years and now stand at more than 200 in ten product sectors.

Their removal would reduce costs by between 500 million and one billion ECUs (\$575 million — \$1.150 billion) a year, the equivalent of between 1 and 2 percent of food sales at manufacturers' prices. The savings would come from the use of cheaper ingredients, lower labeling and packaging costs and the absence of red tape on imports. More than 80 percent of tha direct benefits would stem from lifting restrictions on six ingredients. Scrapping the ban on vegetable fat alone would account for more than 40 percent of the savings.

"The single market is merely putting steam under a process that has been

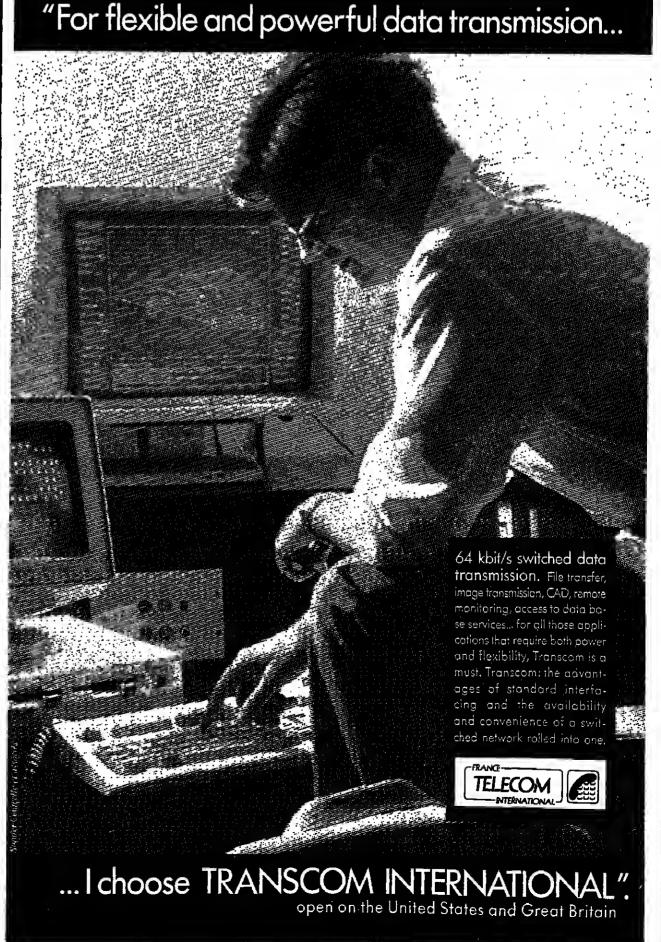
going on for a long time," commented Paul Gray, head of the Commission's Food Division. He believes the most important rules will be in place when 1993 dawns. "The five major directives to be adopted will cover addi-tives, labeling, materials and contact (packaging), dietetics and color," he said. These concern so-called horizontal harmonization in areas like public health and consumer protection that cannot be left to national tradition. There are now about 500 food additives permitted in the Community, about half the number allowed ten years ago, Mr. Gray said. This is because testing has become more widespread and the techniques have improved.

"It is neither possible nor desirable to confine product composition to a legislative straitjacket," Mr. Gray said. "It would undermina new product development. Besides, consumer taste and preference are not matters for legislation. Even the U.S. Food and Drug Administration is moving away from food standards. Last year was the first in 30 years in which no new standard was adopted."

Jurisprudence has a vital part to play. It is based on the famous "Cassis de Dijon" case in 1979, and more recently on the rulings from the European Court of Justice in Luxembourg on German beer, Italian pasta and

See Food Industry, page III





# The Figure Ferriez Gus With Europe

Interview / Floris Maljers, Chairman of Unilever

# A Taste of the Integrated Market

Floris Maljers, chairman of Unilever NV and a new member of the Roundtable of European Industrialists, outlined his views on the European food market, its industry and emerging consumer attitudes. The interview, which took place in Rotterdam, was conducted by Axel Krause, corporate editor of the international Heraid Tribune. Following are excerpts from the

Does it worry you that, according to some reports, Europe's tood consumption is expected to remain stable over the next five years and decline as

a proportion of disposable income? it is important to make a clear distinction between the North and the South, establishing Lyon as the middle of Europe. The North faces declin-ing population, but there are many factors offsetting that trend — the ex-panding development of value-added products, which depend on the advent of the microwave oven, for example. Low-calorie and convenience foods in general are also rising.

Does this mean European consumer tastes are becoming more "Europeanized" as 1992 approaches?

The answer is yes, it is happening, to a limited degree, but not nearly as fast as people believe. And large differences remain between markets.

Gould you give some examples? Frozen pizzas are now produced by

us in a number of European countries. Tha French prefer a bread-like texture, and the Italians a thinner crust. Similarly, looking at tomato soup, the British like it very sweet, the Belgians prefer that it be creamy. But some eating habits are changing even faster and becoming more uniform, as Mac-Donald's has demonstrated with its products.

Do products such as detergents better lend themselves to "Europeanization?"

Yes. There isn't much difference between washing a tee shirt in Copenhagen and one in Naples As one of the world's largest food

companies, where do you see the greatest potential for growth? East Asia, I think, is the number one

What is the outlook for Unilever In

Japan, where you are already active?
We have been through e difficult period in Japan. We built up a few markets, but we were still too small to attract qualified Japanese managers. Now the situation is changing. We are the second-largest margarine seller in Japan, and have some very successful products on the market. Most of these products are made in Japan.

How will the coming of 1992 affect your business in Europe, which accounts for over 60 percent of Uni-

We look to concentration, moving toward a smaller number of larger plants in which fewer products are made in bigger quantities and at lower costs. Take dishwashing machine products. We have concentrated production in two plants on the Continent, and ona in the United Kingdom. if we had not been thinking about Europe, we would have wound up with 10 or perhaps 12 production

Aren't there still many barriers to arketing food and beverages within the Common Market?

Yes, but many of the barriers are being removed. The famous Cassis de Dijon case was the starting point. [The European Court of Justice in Luxembourg ruled that Germany could not prohibit Imports of Crème de Cassis liqueur.] Wa now have a similar case of a barrier in Italy we could challenge and probably win, but it would take two years or more and cost e lof of

What is the specific barrier? The Italian law now says that you can only make margarine that has 80 percent fat. Low calorie margarine



"Large differences remain between markets." Floris Maliers, Unilever.

normally has 40 percent and, at the moment, is not legally allowed in Italy. How will the new EC rules affect

A product legally allowed in one country should be allowed in all others. That means it will become much easier to have commercial products available throughout the Common Market so we can also speed up product innovation and product launching, and avoid complex legal procedures every time we develop a new product. For example, it would enable us to take a German product made by our group there and, after changing the label, sell it in Italy. At the moment that is impossible.

What about other kinds of barriers? Meat is another very difficult area. We have large meat factories throughout Europe and we find it terribly difficult to export, because of veterinary reasons. Similarly, if you want to transport ice cream from here to the United Kingdom you need e veterinary statement. Theoretically, the products could spread hoof-and-mouth disease in the United Kingdom.

Will 1992 remove such barriers? Hopefully. But I'm not 100 percent sure. The French are the most difficult on margarine, because of the high VAT tariff they charge. The proposed harmonization of VAT taxes in the European Community will help our competitiveness in the market.

What guarantee is there that any savings from an integrated Europe will be passed on to the consumer?

The most important incentive we have, really, is pressure from our cus-tomers - the retail chains. Continuing price pressure will be there. The moment you price too high above them, you lose market share at an amazing speed.

Where is the greatest danger in growing protectionism? I believe it is in the field of agricul-

What is your reaction to the Reagan

administration proposals for eliminat-ing all farm subsidies? It is a beautiful slogan, but will it

happen? Prices are much higher here because we subsidize tarmers under the Common Agricultural Policy, but I believe that for the foreseeable future we will have to live with it.

Does the idea of a European company statute appeal to you here at

Not for the moment. For the past 59 years we have operated as a company with a dual nationality - British and Dutch - and it works extremely well, and I can easily see it working for

another 59 years. What about the 1992 "social dimension," and widely debated plans for greater worker-employee participation schemes that might be applied to

European companies? I would be very worried if we said that in the United Kingdom we were going to apply the German system tomorrow, because they are not prepared for it. Our German company is fully under the German co-determination system, and there we have worker-union representatives on the supervisory board. Co-determination can be e very good thing if you take the time to educate both parties to work at it.

How do you view the EC plans for

monetary union? I am not sure what difference the Central Bank idea would make to industry, but extending the EMS would be welcomed. It would be a great help to the likes of us if we had the pound in the EMS exchange mechanism. That is the first practical step toward union - having the pound join the EMS. Even the Confederation of British Industry is convinced of that.

Agricultural Policy /Subsidies and Surpluses

# Restructuring

Continued from page !

paid for the food in the first place," she says. By the mid-1980s, agricultural subsidies had risen to account for two-thirds of the EC's entire budget. Changes over the past four years, however, have begun to take effect and next year, for the first time, spending on agriculture will account for less than 60 percent of the EC budget. Furthermore, the EC is hoping to continue cutting the agricultural share of its budget by limiting its annual increase to 74 percent of the EC's annual economic growth

Yet Henning Christophersen, the EC budget commissioner, claims that part of the reason agricultural spending will be lower next year is that the 1988 droughts in the United States and China buoyed the demand for European products around the world. He warns that the EC will be subject to intense pressure from the farm lobby to raise European prices — a move that could again result in over-supplies at home — if weather conditions improve abroad.

Meanwhile, though the "milk lake" shrank from 789,000 to 40,000 metric tons between May 1987 and May 1988, some of the places that once helped produce these surpluses, notably parts of Belgium and the Netherlands, are now facing shortages and importing the product.

Price supports for the wine industry are also being phased out by 1991 in order to drain the "wine lake" that had grown to 10 bottles for every man, woman and child in the EC. Quotas for intervention we 1987 for cereals and beef, and earlier this year "stabilizers" were introduced for virtually all agricultural products.

The EC currently has 10 million farmers, compared with an estimated 3.8 million in the United States. As the European agricultural rationalization continues, the number of farms and farmers is expected to fall dramatically, as it has In the United States in recent decades. By the year 2000, the EC estimates the current number of farmers will be

The EC is therefore moving toward direct cash subsidies to ease the transition period, especially for poorer, smaller farms. Direct aid is already paid in a limited form for cereal growers and for farmers in some hilly and mountainous areas, and e new ald system encourages less productive farmers to stop farming. But the details of e broader program of direct payments have yet to be worked out.

One fledgling program is a "set-aside" plan to compensate farmers for not growing their crops in the first place. This plan, due to begin next year, provides payments of £70 to £420 a hectare (\$50-\$297 an acre). The farmer's home country will use its own formula to determine these payments, depending on the size of the farm and the type of crop, and the EC should meet 40 percent of the cost.

The shape of future EC payments, however, remains uncertain despite support from the European Commission for both direct payments and a set-aside program. At a recent meeting in Luxembourg, the agriculture ministers of Britain, France and West Germany all expressed doubts, "It seems contradictory to pay people under the set-aside scheme to leave the land and pay them through direct income aids to stay in farming," commented a West Ger-

Outside the EC, the chief contention of the Reagan administration is that all forms of farm subsidy should be banned by the end of this century. Consequently, the U.S. Agriculture Department has been highly critical of the EC's refusal to go along with this deadline. Indeed, Richard Lyng, the U.S. agriculture secretary, characterizes the progress to date — changes of which the EC is extremely proud - as no more than "modest" reform.

At the last GATT summit In Toronto in June, both the EC and the United States claimed victory over a communique that was so vaguely drafted that it could be interpreted as favoring either position: U.S. insistence on a bianket end to all subsidies, or EC preference for a more gradual, short-

term, step-by-step approach.
in July, a group of 13 food-exporting nations, led by
Australia, suggested a way to break the U.S.-EC deadlock. The Caims Group proposed that when GATT's trade ministers meet again on December 5, they devote themselves to setting guidelines and a timetable that would represent an acceptable compromise

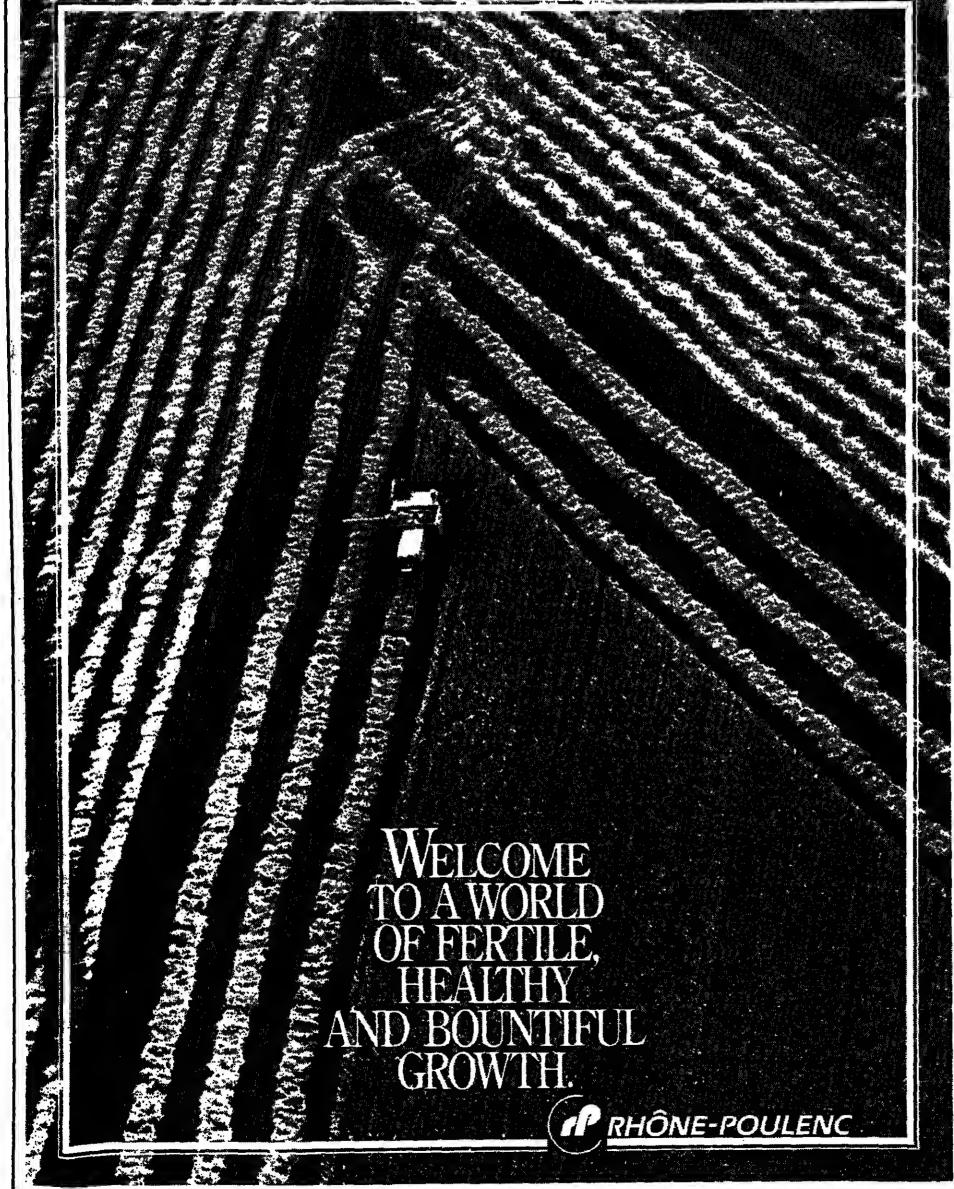
So far, though, any type of compromise does not appear imminent, either in Montreal next month or at any other time in the future; the EC says it is unwilling at this point to set a timetable for abandoning all subsidies, especially its dual-pricing system that charges more for products sold in Europe than on the world market.

The United States' position is that if Europe's piecemeal approach succeeds in partially easing the oversupply and overpricing problems, the EC will stop there and not go on

to wipe out all subsidies and get at the underlying problems of world agricultural production and distribution.

The EC, on the other hand, tears going too fast. And some in Europe believe the United States has little real Interest in abandoning subsidies, but instead is using the EC's public reluctance to go along with a "zero option"

program as an excuse to do nothing themselves.
"We cannot go along with the American proposition," says Frans Andriessen, the EC commissioner for agriculture. "It is simply not practical. We are ready to reduce barriers, but we cannot go to the opposite extreme and abandon all public measures to stabilize markets." **Timothy Harper** 



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# THE PROPERTY OF THE PROPERTY O

Ecology / Conservation Versus Innovation

# Welcoming the Advent of **Environment Technology**

ididiali Gorbechev talks of avoid-ing ecological disaster, George Bush amilotts pollution worries in his presiiential campaign, Margaret Thatcher semoans the late of the ozone layer. Politicians - the world's most efficient barometers of changing fashion — have discovered the environment.

As part of this development, Europeans are reexamining their views on farming and high-fech agribusiness. We need to move from production technology to environment technology," commented Giorgio Ruffolo, the thatian minister of the environment.
"We must take account of environmental restraints both in economic projections and in calculating companies operating costs," he added.

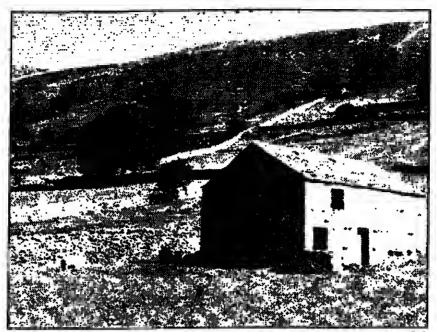
The European Commission is looking for tighter controls on land use, and wants to cut the application of chemical pesticides to the absolute minimum. It is considering ways of coping with the problems of disposal

the extension of subsidy schemes to producers willing to use less intensive methods.

For example, Britain has launched 19 nature conservation schemes backed by EC grants, covering some two million acres of farmland, Known as environmentally sensitive areas (ESA's), they range from river valleys in Suffolk on the east coast to the Cambrian mountains of Wales. Land plowed up to make way for crops is now being converted back to meadows, and hedgerows are being re-

"Set-aside" schemas encourage farmers to take over-exploited fields out of agricultural use, and turn them over to ecologically acceptable activities - typically leisure and recreation. Conversion of farmland to golf courses in West Germany is another

A key element of the EC Commis-



Britain's new conservation schemes cover two million acres of farmland.

sion's policy is the "polluter pays" principle. Producers who continue to cause environmental damage should bear the costs, and compensation should not generally be available for

complying with minimum standards.

The Institute for European Environmental Policy is an independent research body, with headquarters in Bonn and regional offices in Paris,

London and Brussels. Thierry Lavoux, who heads the organization's French network, identifies two key issues damage caused by chemicals and ethical questions raised by biotechnology developments. The latter include genetic engineering with animals, aimed characteristically al producing either more or leaner meat.

In France, for instance, the government committee responsible for authorizing new procedures is attached to the ministry of agriculture, and applies purely technical criteria in arriv-ing at its decisions. "There is no real democratic control over the proceedings of such committees," Mr. Lavoux states. "Moreover, in companies researchers are concerned solely with their research, and do not ask themselves underlying questions."

Hans Von Loeper, director general of the Brussels-based Groupement International des Associations Nationales de Produits Agrochimiques (GI-FAP), has a different tale to tell. His association represents agrochemical manufacturers in some 50 countries worldwide, and members include such major companies such as Monsanto, Bayer, ICI, Dupont and CIBA-Geigy.

"Safety is a major concern of our

industry, and we are currently working on a number of specific projects in this area," Mr. Von Loeper indicates. "For instance, we are devising new guidelines for warehousing of pesticides, and we act as consultants to the United Nations Environment Program [UNEP]."

"Replacing pesticides with 'natural" methods looks attractive at first sight, but there is no biological product that can in any way compete with chemicals for large-scale crop growing," he adds.

France's environment minister. Brice Lalonde, agrees that new bio-technologies have an important role to play in nature conservation as well as in the improvement of production techniques. "The development of plants that are resistant both to in-sects and fungi will free the farmer from excessive reliance on chemi-cals," he told delegates to a meeting organized by Rhône-Poulenc last month. "Such techniques can also be used to fight against the dwindling of genetic variety in nature by building up genetic stock banks and developing tissues from existing species."

The question today," believes Mr. Lalonde, "is not just how to protect nature, but which nature to choose." **Michael Rowe** 

The Common Market / The Challenge of Integration

# **Europe's Food Industry**

Continued from page I

ntage

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French Edam cheese. The principle behind all of them is that member countries may not refuse entry to Imports if the product recipe is different from their home-made equivalent.

Not everyone shares Mr. Gray's optimism on the regulatory timetable, however. In a recent interview, Jacques Delors said the directives on plant health were lagging more than any others, mainly because; "Community agricultural ministers have had many other problems to solve over the

past three years."
Francis Lepatre, president of the French National Association of Food Industries (ANIA), accused the Commission of procrastination. In a speech before the opening of the October World Food Show in Paris, he said the harmonization base remains extremely vague, and that the horizontal proposals are inadequate.

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'We need to have e higher priority for food laws, and proper enforcement," agrees Tony Venables, director of the European Bureau of Con-sumer Unions. "We also need more action on the environmental side. There are lots of good intentions, but little concrete progress. Not enough has been done yet on food hygiene standards and contaminants in the

tant argument for reducing production of commodities like sugar and But regulation is only about a quarter of the picture. According to Thomas Beale, a senior associate in the MAC Group's Paris office: "Competition is the driving force behind European integration, and companies that

are waiting to see what happens will find they are already too late."

food chain." One future topic will be

nutrition, Mr. Venables said, "Nutri-

tional advice will become an Impor-

The MAC report predicted massive restructuring for the fragmented European food industry over the next five years. The prediction has already been borne out with half a dozen major takeovers completed or in progress since the report was completed six months ago.

Upstream, more remains to be done to reform Europe's Common Agricul-tural Policy (CAP), but "the main ar-chitecture is complete," said Nico Wegter, spokesman for agricultural affairs at the European Commission.

A further cloud over European agriculture is the unrelenting conflict over farm subsidies with the United States, as each side continues to accuse the other of bad faith in attempts to reduce price support.

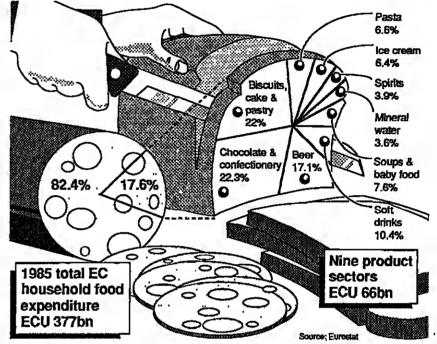
Last February the Community agreed to reduce agricultural spending by linking it to gross national product (GNP) growth. "This is unlikely to be much more than 2 percent annually in the years ahead, which is a change from the 40 percent increase between 1985 and 1987," Mr. Wegter said. Moreover, Europe is shifting

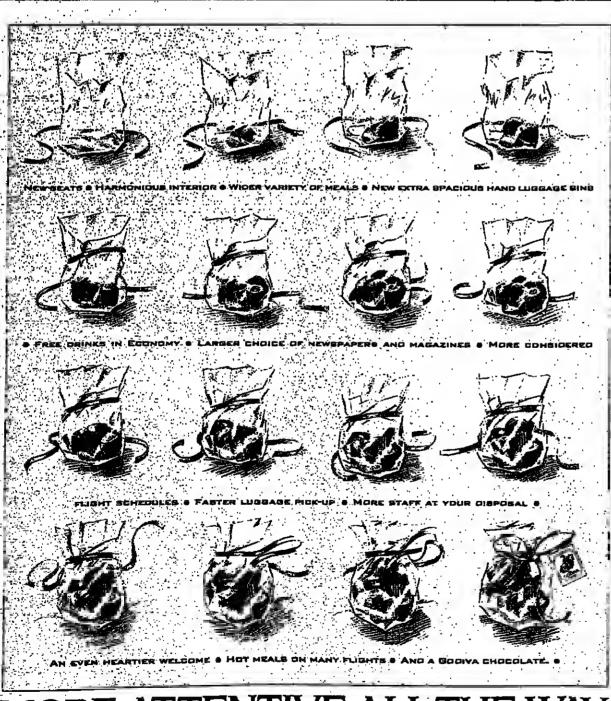
from price support to "set-aside" subsidies on farm land allowed to lie fallow, and to "extensification" of production. This is Eurospeak for the opposite of intensifying output, and means farmers in sensitive areas are paid to produce less by cutting inputs of fertilizers and pesticides.

The move is intended to help reduce farm surpluses, price support spending and damage to the environment. At the same time, the idea is to keep Europe's farmers on the land and maintain a balance between urban and rural populations. The policy aims to combine market forces with social and ecological concerns, Mr. Wegter explained, but it also means perpetuating the gap between EC and world agricultural prices. "Although we aim to narrow the gap, EC

prices will remain higher," he added. He feels the Commission would prefer to leave the subsidy issue on the back burner. "It is regularly put to one side In the euphoria of 1992," he lamented. "The irony is that a number of trade barriers have been reintroduced as a result of the policy itself."

Barbara Casassus





# MORE ATTENTIVE ALI

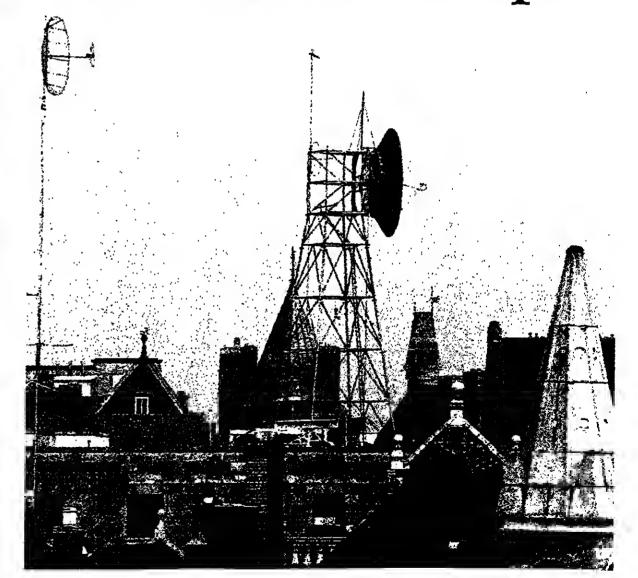
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# 1992

# The World's Rendezvous With Europe

Technology / The Farm of the Future

# New Projects and Policies Planned for Biotechnology

In the world of tomorrow, lambs may need only sun and water to grow like plants. Live cows may be programmed to "manufacture" blood products for the pharmaceutical industry — paintessly, so they say. Tomatoes could survive in the Sahara and soy beans flourish on the Russian steppes. Slow-growing grasses will need little mowing. And pesticides may be banished, as scientists master the techniques of making crops resistant to disease as well as

These and many more potentially dramatic changes are just part of the so-called Biotech Revolution, made possible since tha discovery of recombinant DNA (gene splicing) techniques in 1973. The implications for agriculture are so vast that every corporation in tha sector, every scientist

DNA probes can predict the taste of food

in the field, is involved in massive research programs and test projects to come up with new plant varieties and new techniques.

Thanks to the generosity of the Common Agricultural Policy, and to support from EC-based banks and farmer groups, European agriculture looks poised to embark on a major modernization phase and a period of new investment.

The European Commission, under the auspices of the 1992 program, is awaiting approval for two separate projects, ECLAIR and FLAIR, designed to promote transnational collaboration in new research, ECLAIR (European Collaborative Linkage of Agriculture and Industry through Research) is budgeted at 80 million ECU (US\$68.3 million) over four years and should gat final Council approval in December, FLAIR, worth 25 million ECU, should get the green light in mld-1989. The initials stand for Food-Linked Agro-Industrial Research and the program will focus on ways of improving quality, safety and nutrition In food products and food production systems. With gene manipulation, it is now possible to retard storage in fresh food and scientists assure us that DNA probes can even determine whether food tastes good and how fresh it is, with no need to refer to

human taste buds.

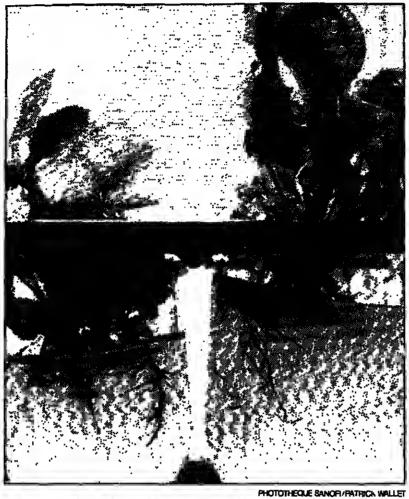
"ECLAIR and FLAIR are catalytic in nature but modest in relation to what is being spent in member states' national programs," says Mark Cantley, an EC official who heads up CUBE (Concertation Unit for Biotechnology in Europe). "Most of the advanced labs in Europe," he continues, "tend to know their American opposite number but at the same time, because of fragmentation in Europe, language problems and habits, they may not even know the chap across the border. We will concentrate research on generic problems that are holding up the whole industry."

All the new biotech products are currently at the stage of field testing and are still a few years away from marketing. In fact, experts say there will be no revolution but a period of gradual change as traditional technologies slowly adapt to new processes.

The biotech breakthrough has stolen the limelight from other equally important high-tech developments in agriculture made possible by electronics, robotization and computers. Tractors now come equipped with onboard computers to control wheel spin and a dozen other functions; robotic appla pickars have microprocessors, video cameras and infrared technology for night operation; cows can be milked by self-cleaning, electronically guided mobile equipment; and microcomputers are being installed on the farm for a whole host of reasons, from monitoring the reproductive cycles of pigs to helping farmers cope with their accounts.

A new software market has sprung up, specifically almed at solving such problems. The Bull computer group of France reports that its sales of computers to farmers are moving ahead at 30-40 percent a year.

in the biotech field, rivalry is already intense between the world's major companies such as Monsanto and Du Pont from the United States, ICI from



Techniques such as phytotechnology allow scientists to monitor growth.

Britain, Rhone Poulenc and Sanofi from France, Switzerland's Ciba Geigy, and from West Germany, Bayer, Hoechst and BASF, all competing for a market estimated by the Japanese MITI to reach \$100 billion dollars by the year 2000. But in the United States, smaller high-tech groups are also securing an Important piece of the action.

EC Vice President Karl Narjes from Germany and Frans Andriessen, his Dutch counterpart, are both convinced of the need to develop new outlets for European agricultura through blotechnology. They have provided the political muscle to push through ECLAIR and FLAIR, despite the presence of vociferous critics in Germany and Denmark, as well as the continuing crusada of America's Jeremy Rifkin, who has staged more than

100 conferences and meetings in eight countries in the past 16 months, all pointing up the potential dangers of tampering with genes, be they in humans, animals or plants.

"Most serious people recognize that many of the new techniques in food and agriculture are inherently less risky than the techniques they're replacing," says Mr. Cantley, but he admits that "we're conscious of a big public opinion problem in Germany. At the same time, he says reaction within the Bundestag is becoming more favorable, Research centers like the Max Planck Institute in Cologne have led the way in transplanting foreign DNA. Such experiments open up the possibility of large-scale production of com, wheat and cereals resistant to drought, salt water or weedkillers, German legislation permitting.

However, the jury is still out on the wisdom of gene tampering, witness a recent U.S. report from the Office of Technology Assessment, attached to Congress. The authors identify "gaps in knowledge about ecological systerns" and caution that continuing interdisciplinary programs are necessary to assess risk and establish risk management policies. In other words, we are unable to predict with total confidence what will happen when the lid comes off Pandora's Box. But as the president of Monsanto, Nicholas Reding, told the European Parlia-ment in Strasbourg: "After 15 years of intense research and laboratory experiment ... there have been no acci-

surprises."

At Monsanto headquarters in Brussels, Pierre Longi, director of public affairs, reports that his company has conducted a series of public acceptability surveys in Europe which reveal vast distortions of opinion about biotechnology. Monsanto plays a leading role in explaining the biotech revolution in the United States and it has extended its public relations drive to Europe.

dents, no incidents, no unwelcome

Opinion in Britain, which leads the world in animal embryo manipulation, is favorable, as it is in France, Belgium and ireland. But Denmark passed a law in 1986, so strict that one of the two major insulin producers, Nordisk Gentofte, relocated its plant to Ireland. Several amendments have now been proposed by the Danish parliament to soften the brunt of the new legislation.

Through the auspices of the European Biotechnology Coordinating Group, multinationals are pushing for a more effective public policy to get their message across, and more precise regulations at the national level to prevent undue fears. They also want better protection for new discoveries to prevent a brain drain from Europe to the United States.

Brand new common EC rules for patents have been introduced to safe-guard biotechnology inventions but they have run up against the European Patent Convention, which excludes the patenting of animal and plant varieties.

According to Mr. Cantley, the Commission has arrived at "a harmonized Interpretation of some of the grey areas" and in combination with the Union for the Protection of Plant Varieties, a satisfactory solution has now been found to guarantee protection.

Carolyn Plaff

Washington / In Brief

# Continuity

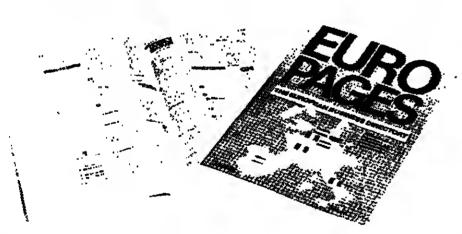
• A Bush Administration in Washington will mean "absolute continuity" in pressing America's trading partners for free trade, according to the U.S. ambassador to the European Community. That will mean a commitment to keeping pressure on Brussels to Insure that the EC's emerging policies do not discriminate against U.S. interests in Europe as 1992 approaches. "The truth is we both have pretty open markets," Afred H. Kingon told the Anglo-American Press Association in Paris on October 26. "I have discussed it with him [Republican presidential candidate George Bush] and while i cannot speak for the governor, [Democratic candidate Michael S.Dukakis] we remain firmly committed to supporting an integrated Europe," the envoy said. "Wa are concerned about increasing complaints from businessmen throughout Europe that 1992 is moving in a protectionist direction, notably in such areas as public procurement," he added.



EC Ambassador Alfred H. Kingon.

• Ambassador Kingon also indicated that the long-simmering trans-Atlantic dispute over Airbus is approaching a settlament. "The governments involved (the United States, West Germany, France, Britain and Spain) want it solved, as do the American and European suppliers to Airbus. Concessions have been made on both sides, and we expect a deal," the U.S. ambassador said. The main issue has been government subsidies to the European aerospace consortium, which, according to Washington, violate GATT trading rules.

# What's giving European businessmen fresh food for thought?



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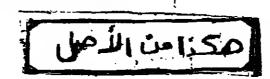
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Finance / Dollars into Plowshares

# Banking on Growth in The Agribusiness Sector

Agricultural banking in Europe used to revolve around the granting of overnment-subsidized loans to small farmers. Today major financial institutions provide backing for inter-national agribusiness takeover bids, finance traders on world commodlies markets and furnish seed capital for biotechnology food projects.

Players range from specialized institutions through general commercial banks to American investment houses: Credit Agricole in France and Rabobank in Holland are financial organizations with their roots implanted in rural soil, but e growing desire to branch out internationally. Japanese financiers such as Daiwa Securities, e major Tokyo investment house and

Large-scale acquisitions are expected for another 5 years

banking corporation, are also starting to take an interest in the agribusiness sector, while large insurance companies in Britain and the U.S. are happy to invest their spare cash in profitable

Despite their diverse backgrounds, these companies all face the same basic facts when they turn to the integrating markets of Europe. The continent is a changing landscape where farmers are trying to adjust to generally sinking prices, reduced subsidies and the tempting, but expensive. prospects of salvation through advanced technology. It is also part of a global system in which the prevailing appetites of major food and agrochemical companies are predominantly cannibalistic. One prominent example is the massive restructuring currently underway in the United

Richard Colker in London is managing director for Europe of the U.S. investment bank Kidder, Peabody. In late 1987 he piloted the biggest acquisition yet made abroad by an Italian company, Ferruzzi'e \$600 million purchase of CPC international's European industrial products division, since renamed Cerestar. He is currently working on further deals for European and North American clients.

"We are likely to go on seeing largescale consolidations of this type for about another five years," says Mr. Colker. "Kidder, Peabody can advise on restructuring, acquisitions and divestitures, as well as tapping the mar-kets for finance or providing it ourselves." In addition, the group sometimes invests its own funds as equity capital in such ventures.

A number of commercial banks are also active in financing agribusines These include Citibank, Continental Illnois and Banque Nationale de Paris. Barclays in London provides 23 percent of domestic farming credits, currently totaling some £1.5 billion, and has e separate department for international agricultural business.

"As far as we are concerned, agribusiness stretches all the way through the food chain from production to wholesaler, and ropes in the attendant service industries such as fertilizers and pesticides," explains Nick Russell, Barclay's International agricultural manager. "So far retail distribution has failen outside the sector, but even this is changing as more producers sell direct to supermarkets.

Barclays is making its biggest ef-forts in Europe, and has branches or subsidiaries in all the EC countries except Luxembourg. It has its strongest presence in Spain, followed by France. "We can provide finance both for exports and imports of agricultural products, and for companies' working capital," Mr. Russell says. "There is no need for a British link in either the deals or the companies," he adds.

Unlike Britain. France has a special cooperative bank for agriculture the Credit Agricole. With current assets in excess of \$200 billion, and overseas branches or subsidiaries In 15 countries, Crédit Agricole now operates as a general commercial bank, though it retains a monopoly on the granting of subsidized loens to French farmers, and still accounts for some 90 percent of domestic agricultural lending.

"We are particularly active in financing International trading in 'soft' commodities such as wheat, sugar and meat," indicates Louis Bonifassi, general manager of Crédit Agricole's



Harvests are bought and sold on world commodity markets long before they leave the ground.

international trade department. "We would also like to get Into 'hard' commodities like minerals and oil, since major traders characteristically deal with both."

One 1987 deal covered the sale of 400,000 tons of wheat to Brazil. The suppliers were based in several European countries, and Crédit Agricole financed three quarters of the total through buyer credits. "Even though government subsidies were not available, we were able to offer the Brazilians the same low rates they could have obtained from U.S. suppliers." Mr. Bonifassi explains, "We did this by coming to an agreement over the rate differential with our trader customer." Many American lenders pulled back

from commodities financing when the debt crisis hit third-world countries in the early 1980s. Mr. Bonifassi believes there are still profits to be made in this sector, provided banks evaluate the risks properly. Crédit Agricole has ambitious long-term plans to increase international operations from 16 percent of its activities currently to 50

percent "With the further opening of European markets from 1992, we believe financing agribusiness has a promising future," comments Jan Dost of Rabobank in Utrecht. The bank started life 100 years ago as a cooperative for lending to farmers. Today, some 26 percent of its domestic activity is still in the agricultural sector, while 34

percent goes to general business finance and 40 percent to home loans. "We started moving abroad at the

beginning of the 1980s," Mr. Dost specifies. "Our policy is to establish e presence in major ports and at other important crossroads for international trade in agricultural products." Recently, the bank set up a venture fund of 30 million guilders to encourage biotechnology research, and it has equity holdings in several Dutch

companies active in this field. Officials expect this so-far modest investment will yield substantial fruit in coming years as further commercial applications for biotechnology are devel-

Michael Rowe

**Business News / Update** 

# Investment

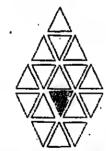
 Although investments by South Korea in Western Europe remain modest compared to those in the United States, the pace is picking up rapidly, notably in trading and manufacturing. According to e recent study by the Euro-Asia Centre at the INSEAD business school in Fontainebleau, France, the annual flow of Korean investments has risen to \$200 million, from e negligible amount e decade ago. Western Europe now accounts for about 3 percent of the total, just ahead of Latin America, and is growing. A survey of Korean investors published by the Centre showed that just over 51 percent were seeking to expand markets, while nearly 20 percent said they were attempting to overcome trade barriers. The largest Korean investments cited included Samsung in Portugal and Britain, Sanean Media in Ireland, Sangyong In Britain, Daewoo in Antwerp and Goldstar in West Germany.

 Western Europe's telecommunications industry is expected to grow to annual turnover of about \$105 billion in 1992 from \$67 billion last year, according to recent forecasts of Dataquest, the London-based consulting group. That growth of roughly 9 percent, is nearly double that expected in the United States during the same

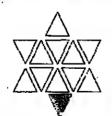
· Should the EC establish a European Drug Agency? The European Consumers Union in Brussels has responded to that question recently raised by the EC Commission, seeking an "intermediate" approach between what it terms "the extremes of mutual recognition and a centralized Community system for all drugs." In its response, the BEUC said that in light of 1992, "consumers do not want barriers removed on this basis, because mutal recognition raises the danger of the highest standards being undermined both in terms of the quality and the quantity of drugs available on the markets of those countries which have a more rigorous and rational policy than their neighbors." In its conclusion, the BEUC, representing consumer groups in member states, said it would favor establishment of a European Drug Agency that would specializa in high-blutechnological

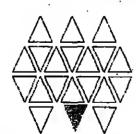


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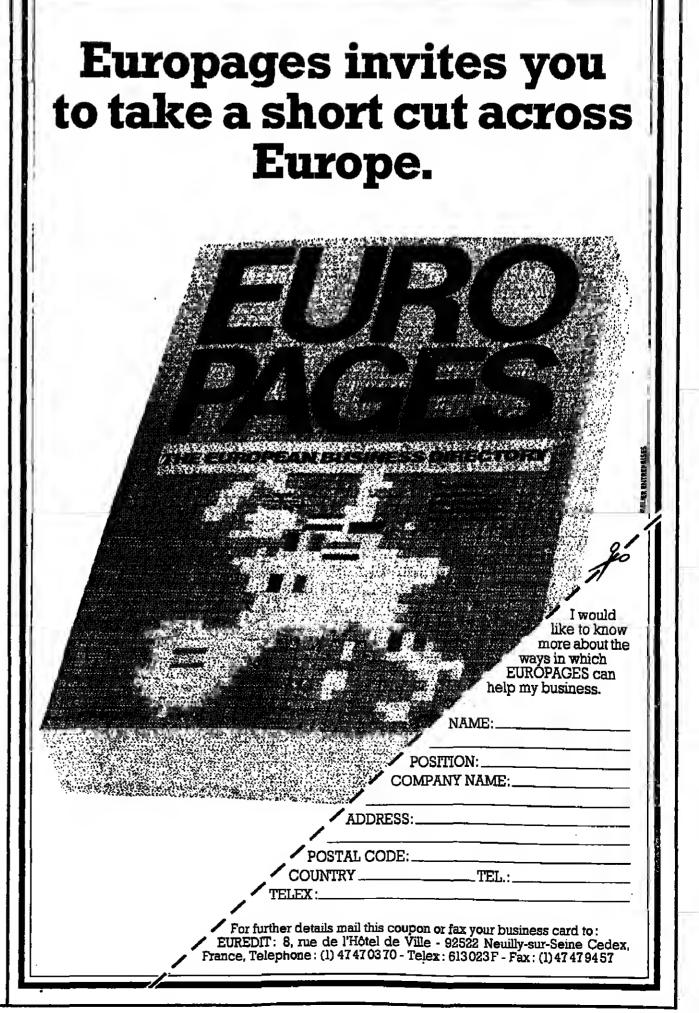
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# The World's Rendezvous With Europe

Takeovers / Europe's Shopping Spree

# **Mergers and Acquisitions** Stir Up the Food Industry

you can forget about a no-frontiers Europe: the English will put HP sauce on their fish and chips, the perfect après-diner touch in Paris is a cognac, and when in Rome - mama mia, bring on the spagnetti.

Consumer traditions may not be quick to change, but a funny thing is nappening on the way to 1992 - the French are making the HP, Martell has gone Canadian and mama's Buitoni pasta is suddenly Swi

The European food industry is ripe for consolidation, a fact taken advantage of in recent months by multinationals, with the result that "national" brands' boundaries are becoming blurred. Major mergers and acquisi-

A record 163 alliances were concluded last year

tions In 1988 have included Swiss Nestle's purchase of Rowntree, Italian Ferruzzi's buyout of French vegetable oils company Lesieur, and several takeovers by American companies. The newly proposed Philip Morris-General Foods-Kraft link would create a company larger than Unilever, one of the world'e biggest.

The prospect of a truly European market - now fragmented by non-tariff barriers - opening up by 1992 is giving added impetus to the consolidation trend. European Community companies are the target, but non-EC companies are most often the buyers. Tha MAC Group, a management consulting firm asked by the European Commission to study European agribusiness companies' ability to deal with a more competitive market, concluded that the winners may well not be European.

From 1976-86, there wera more than 100 mergers valued at \$50 million or more, but the tempo is quickening, according to the MAC report, with nine acquisitions of more than \$1 billion from 1984-86. American companies have led the way, white European industry - with the notable ex-

divided and nationalistic. The Swiss have simply continued their policies of growing by going abroad because their home market is too small. In the United States, the drive has been twopronged: companies have aimed for fewer products while ensuring that those few were market leaders, and have at the same time sought wide geographic coverage. European companies have tended to stay in their home markets where they have sold a wide range of products.

Historical reasons have until now discouraged moves abroad, with cultural and language differences as well as government protection of domestic markets acting as disincentives.

That la starting to change. Nestlé startled the industry in 1985 with its purchase of Carnation In the United States, paying more for this move than had been paid for any other acquisition outside the oil Industry. Other European companies began to move,



"I could almost say we were forced to do this," Helmut Maucher, managing director of Nestle.

most often shopping for companies in neighboring countries. Italy's Ferruzzi started buying and last year stated that it was interested in "geographic expansion." France'a BSN three years ago was ranked number 40 worldwide in size by sales but has quickly moved up, thanks to a series of acquisitions. European agribusiness in 1987 saw a record 163 takeovers, mergers and joint ventures; in Britain the pace had so quickened that there were more buyouts than in the City of London when the financial industry was in turmoil from the Big Bang. In the first four months of this vear. British companies alone spent some £5.85 billion acquiring seven European food companies.

There are several reasons for the change. In many cases, cheap stocks and expensive loans made it easier to buy a good brand than to create one - although the flurry of activity in the past three years is resulting in a shortage of suitable brand names, hence the inflated prices paid for such rell-known labels as Martell, Buitoni, Rowntree, Cote d'Or. More importantly, as competitors begin to expand, companies often have no choice but to grow themselves, to stay in the game. Nestle's executive, Helmut Maucher, explained his company's bid for Rowntree following a bid by Suchard last spring by saying: "If this company were in the hands of our main competitor, you could imagine what that would mean for us, I could almost say we were forced to do this." For smaller companies operating in their home markets, the threat of large, well-funded multinationals providing new competition is an Incentive to expand. There is room for growth: the MAC study looked at 46 EC-based companies and found that half were present in only one or two countries.

Additional pressure is being put on the food industry by changes in other industries. Tobacco companies, for example, have been forced to expand into other sectors as their traditional markets in North America and Europe have stagnated. Agribusiness has been a popular new area for them, with RJ Reynolds buying Nabisco and Phillip Morris buying General Foods in

European Community companies are in a weak position to expand as they should in Europe, suggests the MAC report. The world's top ten food corporations include three British and one Dutch company, but the rest are American or Swiss. The French, who consider their food industry part of their national heritage, have only six companies in the world's first 120, and Major European Acquisitions Price (\$ millions) Year Company name Company acquired 1986 Genérale Biscuit (F) 350 Biggrants 4000 1986 Distillers (UK) Spirits Guinness (UK): Spirits 400 1986 Hiram Walker (Can) Allian-Lyons (UK) 2050 1986 Courage (UK) Elders-bit.(A) ·300 1987 Fillisciowns Holdings Maple Leaf Mills Flour 600 1987 Consumer products Sara Lee (US) Aizo Consumer products (H) Chocolate 150 1967 Cadbury (UK) Chocotate Jacobs Suchard (S) Cots of Or (B) 1987 1988 Seegram (Carl) Martel (F) 1988 Ross Young (UK) 600 United Biscuits (UK) Grocery Nestic (15) Campbell Scop (US) Grocery 1300 1988 Builtoni(1) Freshbalds foods (UK) Province (UK) 1988 Frozen ments 200 1988 4580 Nestle (S)

tha Germans are even less well represented, in two key areas, geographic coverage and leading brands, says MAC, EC companies lag far behind. The Swiss are on average present in 75 percent of the European market and Americans 55 percent. By contrast, companies based in the EC cover on average only 45 percent of the market and they own 55 percent of Europe's leading brands.

EC companies are weak in another key area: research. The entire French food industry spends slightly less on research than one Swiss company, Nestié, despite combined sales four times as great. And Nestié is growing at a faster pace. The purchase this summer of Rowntree and Buitoni lives Nestle's sales a boost of SF5.8 billion; the company estimates that sales in 1988 will rise from SF35 billion to 40 billion (\$52-60 billion).

Does this mean that European companies are doomed? Industry observers caution that the gloomy picture drawn by the MAC report must be viewed as only one part of a complex picture. Says one analyst "At a simplistic level, the Americans and Swiss

have a lot more money, but many of them have found to their expense that a European market is not like a U.S. market even when it is combined. You have to look at this almost company by company. In selling to the big retail-ing chains, for example, there is abso-lutely no proof that being European in size is an advantage. Take mushroom growing and packing - the best you can hope for is to cover two countries. If you try to go European or international, it's just mindless; it won't work. A lot of European companies right now need to master their domestic markets and they are doing this. You have to remember that the United States has had 200 years of being a fairly homogeneous society, but in Europe we will probably still have to do a lot of things country by country even in the year 2002."

A handful of companies are determinedly moving from national to European strategies but not without problems. Nationalistic fears have provoked investigations by monopolies commissions. The Nestlé-Rowntree acquisition was hotly contested in Britain, only to have the approved purchase challenged by the French, who claimed they had to protect their national heritage. Food does in fact play an all-important role in French industry; It is the largest industrial sector and the second largest exporter (after aeronautics). Companies tend to be small, however, with 95 percent of them employing fewer than 500 per-sons. Financially, joint ventures are often fraught with problems and companies sometimes find, as in the case of Lesieur's French owners, Saint Louis, that it is easier to go the acquisition route (a joint venture with a Dutch company was scrapped in favor of selling to Ferruzzi).

it is too early, say analysts, to judge the success of the current crop of mergers and acquisitions; the agribusiness industry is in such a state of flux that no one is willing even to offer an up-to-date roster of industry leaders-it could change by tomorrow. What is clear is that while the buying spree is on, the number of good small companies is likely to shrink - either because they are being bought out, or forced to grow.

Ellen Wallace

**Protectionism** / Beyond Legislation

# Foreign Beer Is Still Not Flowing in Germany

taste buds and a deep-rooted conviction that "pure" beer is healthler have effectively defeated the European Court'a attempt to do away with one of many non-tariff trade barriers that hamper the free flow of goods and services in the European Community.

One and a half years after the court ruling, Germany still does not import a single toreign brew that violates the

The market has remained pure despite the ruling

Reinheitsgebot promulgated by Duke William of Bavaria in 1516. Under the law, which limited the content of German beer to water, hops, matted barley and yeast, adjuncts such as sugar. wheat, rice or unmatted bariey were banned.

The fact that the German beer market has remained 'pure' despite the court ruling is largely the result of a smart advertising campaign by the country's brewers, who used the public row over the Reinheitsgebot to turn

German beer drinkers' sensitive it into a health and quality standard. Frithjof Wahl, the assistant director of the German Hotel and Restaurant Federation, says the brewers' aggressive advertising strategy has frightened foreign brewers off: "Foreign brewers who make beer that does not comply with the Reinheitsgebot never even tried to enter the German market after the legal barrier was removed.

> Restaurants, bars and supermarkets have also done their share to help German brewers keep unwanted foreign competitors away from Europe's thirstiest beer drinkers.

> They figured they wouldn't stand a

Restaurants and bars in Germany only serve 'pure' beer, Wahl says: "I don't know of a simple place in the country that sells foreign beer with

And Coop, one of Germany'a largest supermarket chains, announced after the court ruling that it would continue to sell only 'pure' beer. One and a half years after the ruling, the supermarket chain still stands by its promise, spokesman Armin Peter

In view of this concerted effort it is hardly surprising that foreign brewers of 'Impure' beers have not reaped any benefits from the court ruling.

'There are many foreign brewers who would like to get into Germany now that the Reinheitsgebot no longer holds. After all, Germans are the biggest beer consumers in Europe," says Hans-Joachim Schmied, who owns a beer importing company near Stuttgart. Agreeing that the German brewers' aggressive defense strategy is largely responsible for keeping the German market closed to many foreign competitors, he also points out that the German government has so far failed to specify which additives must be declared on other brewers'

Under the European Court ruling, Germany is allowed to require that additives be listed. "The way it stands now, foreign brewers who do not obey the Reinheitsgebot can only export their beers to Germany if they list every single additive," says

Mr. Schmied. "But who wants to go through that much trouble?"

Mr. Schmied says the resultant extra costs are only worth it for the brewers if they can expect to sell a certain quantity. But it appears most foreign brewers who do not go by the Reinheitsgebot fear they will not be able to conquer a big enough share of the German market to make it worth their

The Reinheitsgebot is a quality guarantee," claims Peter Stille, managing director of the German Brew-ers' Federation. "The Germans have clearly Indicated their preference for pure beer."

Other European exporters heve been forced to recognize the fact. But, they point out, the German market has traditionally been controlled by a large number of small and medium-sized companies, 90 percent of which sell their beer within a 50 kilometer radius of the brewery. Small wonder, then, that they have emerged as the arbiters of taste in such a fragmented, regional



Sabine Krueger The pure thing: Munich's Oktoberiest.

Integration / The Countdown Continues

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### most to gain, and the Unit-ed States will wind up losing from the opening and integration of EC markets. according to a survey of European business leaders

published by France's daily Le Monde on October 15. Other winners cited in descending order were Spain. France, Italy, Britain, Bene-lux, Portugal and Greece. After tha United States, tha following countries were cited as losing: Turkey and North Africa, Southeast Asia and Japan. Asked which economic sectors would benefit most, tha teaders interviewed by the Franch SOFRES poiling group ranked banking and insurance at the top of the

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### Winners and Losers Emerge as Moves Gather Momentum list, followed by transportation and tourism, communications, distribution, consulting and information technology. By contrast, agribusiness was ranked highest for being "menaced" by 1992, primarily because of increasing merger and acquisition ac-

 Other conclusiona from the survey: France continues to rank highest among its EC partners for optimism with the approach of 1992. In France, 14 percent of those Interviewed said they were "very optimistic," followed by Spain, (13 percent) Britain (11 percent) Benelux, (10 percent) Italy (3 percent) and West Germany (2 percent). Secondly, tax har-monization ranks highest among priority actions for the EC, with the notable exception of those intarviewed in Britain. In descending order, the other priorities cited included a common European currency, common norms for industrial products, fraar movement of capital, truly

European companies and a

common European statute.

Finally, France ranked low-

est on the controversial is-

### sue of opening public pro-curement merkats to outside bidding. Of business leaders interviewed in France, only 6 percent said they considered procurement a priority, compared to 38 percent in Britain, 20 percent in Germany, 10 percent in Spain and 9 per-

cent in Italy.

· Renault Automation of France and Spain's Debeko group signed an agreement in Bilbao last month aimed at expanding each of their product lines in manufacturing automation, primarily in each other's home markets. The Renault affiliate of the Stateowned auto group, with annual sales of about 1.5 billion francs, is already one of Europe's leading robotics firms, and plans to expand in Spain as EC barriers in the automobile industry are removed. Debako, which is part of tha Caja Laboral Popular group of workers' cooperatives with sales of 10 billion francs, last year reported sales of 375 million francs, and is seeking to expand in

 European Business Channel, the latest newcomer to European com-

merciel television, announced that leter this month it plans to beam dally economic and business news to European viewers via cable and satellite facilities from its headquarters in Zurich. EBC, which is jointly owned by a group of Swiss publishers and European business interests. was scheduled to begin broadcasting its news program on Sky Channal in Britain on November 3, and starting January 1 on RTL Plus, a privetely owned West German commercial television network.

· In conciliatory terms. Jacques Delors, president of the EC Commission, has emphasized that his plans for "a social dimension" to the 1992 program remain "flexible and voluntary." In speeches and Interviews during the past several weeka, Mr. Delors has sought to reassure business leaders in Europe and Britain's Prime Ministar Margaret Thatcher that tha EC Commission is not seeking to impose greater power for unlons on management. The legal form for a European company statute containing the participation schema proposals

would not only be volun-tary, Mr. Delors said last week, but he proposed several models, including alternative plans now work-ing in Germany, Scandinavia, France, Italy and Benelux: "It is for businesses to decide for themselves what formula they

want. President Françoia Mitterrand of France and his defense minister, Jean-Pierre Chevenement, last month urged the speeding up of plans to establish a European defense Industry, but both conceded that progress would be difficult. Wa are advancing only slowly toward European

cooperative efforts between France and West Germany to develop a new generation of attack helfcopters. He also noted that four European countries were developing a newgeneration fighter aircraft for the 1990s, while France, which withdrew from the project, is proceeding with plans to develop a competing jet fighter, the Rafale. "I would like to see a cooperative solution for Europe in defense, but I do not underestimate the difficulties we will face," tha president told the Institute of National Defense Studies.

unity in armaments," President Mitterrand said, citing

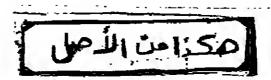
Barbara Casassus is a Paris-based free-lance writer. Timothy Harper is a London-based American journalist

and lawyer. Axel Krause, IHT corporate editor, is supervising the 1992 series

Sabine Krueger is a correspondent for McGraw-Hill in

Carolyn Pfaff is a Paris-based economic writer. Michael Rowe is a Paris-based financial and business

Ellen Wallace is a financial and business writer based in Switzerland.



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# **BOOK BRIEFS**

THE HIGH ROAD. By Edna O'Brien. Weidenfeld & Nicolson, 91 Cla-pham High Street, London SW4 7TA; and Farrar, Straus & Gironx, 19 Union Square West, New York,

That the prose of Edna O'Brien is among the glories of the contemporary world is beyond dispute, but the prose is considerably more glorious when it also makes sense. This, throughout much of "The High Road," O'Brien's first novel in more than a decade, it most adamantly refuses to do. Say whatever else you will about it, this is for certain: "The High Road" is an entirely peculiar

At its center, to the extent that it has one, is a woman of indeterminate but presumably somewhat advanced age named Anna. A resident of London, she has now established somewhere on the Mediterranean.



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It's the setting for an Antonioni movie, and for much of its erratic course The High Road" reads like the script for one: Anna wanders moodily and melodramatically through the beautiful landscape, one redolent of sublimated erotic urges

and intoxicating memories of lost It's the right place for Anna, who is in the throes of recovery — as O'Brien's women so often are from a burned-out love affair. "As with many a thing," she recalls, "we had embarked on it lightly, but it caught fire, escalated, went too far, to the marrow, rekindled hopes, sparked off desires, hurting even as

it satiated, creating fresh hungers and fresh fears. Its end dribbled on, an end that consumed my middle years like a terrible wasting sickness, so that I often wished to be quite old, thinking by then it would have failed completely, without a trace. Then again I wished for vengeance, retribution, which I gave vent to only in

There are enough bright moments in it to reward O'Brien's most devoted followers, but few other readers are likely to take any pleasure in trying to make connections between characters that O'Brien herself never makes. (Jonathan Yardley, WP)

MERCEDES AND THE HOUSE OF RAINBOWS. By Alan Jolis, Poseidon Press, 1230 Avenue of the Americas, New York, N.Y. 10020.

This is a first novel, and one about coming of age. But Alan Johs is fully in control of his characters, and "Mercedes" is a funny, wild ride through the Paris of the 1960s and 70s, through the eyes of a preco-cious boy in love and eventually in lust with his attaching and crazy

Gypsy nanny.

Jolis manages to tell us a fairly unbelievable story fairly believably, with a cast of characters that ranges from Kim Novak to a former member of the Spanish Resistance to an unusual Jesuit priest to some bighearted streetwalkers, and the book leaves the reader in fine humor. (Katherine Knorr)

ENGLAND, THEIR ENGLAND: Commentaries on English Language and Literature, By Denis Donoglace. Alfred A. Knopf, 201 East 50th Street, New York, N. Y. 10022.

First there was "England, my England," a much-quoted phrase from a patriotic late Victorian poem by W.E. Henley. Then there was "England Your England," an essay in social criticism by George Orwell, And now we have "England, Their England," a collection of "commentaries on English language and liter-ature" by Denis Donoghue. Donoghue's book is a companion book.

volume to his two previous collec-tions, "We Irish" and "Reading

America." in his preface, he says he can see no sign that national traditions in literature are coming to an end, while the dust jacket promises us the benefits of a half-detached view; the view of an Irishman who is very much not an Englishman, but for whom "the British literary canon" is

an essential part of his patrimony. The relationship between English literature and other literatures in English raises some complicated questions. The relationship between British English and other varieties of the English language raises a different set of questions; but clearly the two topics are connected.

This is not the book Donoghue has written, however. It turns out that "England, Their England" is a fairly orthodox, fairly miscellaneous gathering of literary studies. (John Gross, NYT)

ARE YOU LISTENING RABBI LOW. By J.P. Donleavy. The Atlan-tic Monthly Press, 19 Union Square West, New York. 10003.

Since his first novel, "The Ginger Man," appeared to huge success in the 1950s, J.P. Donleavy has made a career out of creating picaresque he-roes and releting their bawdy adventures. Critics have described his language as Joycean, his comedy as reminiscent of Wodehouse and Waugh. To this reader, however, his writing, so reliant on verbal and physical prafalls and nasty put-downs, has always seemed to have more in common with that of Kings-

ley Amis (on a bad day) or Peter DeVries (on a good day).

Unfortunately, "Are You Listening Rabbi Low," his first novel in five years, marks a new low on Doniesvy's part. The raw energy and leavy's part: The raw energy and linguistic virtuosity that animated his earlier work have given way to an endless succession of tired sketches, and the bumor, directed primarily at women and Jews this time, has taken on a disturbing and mean-spirited

edge.
The hero of "Are You Listening Rabbi Low" is one Franz Sigmund "Isadorable" Schultz, an Americanborn theatrical producer who made a previous appearance in "Schultz" (1979). Like so many of the author's protagonists, Schultz is obsessed with money and sex, and these two obsessions are constantly getting him into trouble.

His portrait of Schultz plays on derogatory stereotypes, and his nar-rative — in which Schultz frequently addresses a relative named Rabbi Low - is riddled with disparaging references to Jewish history and tradition, "Are You Listening Rabbi Low" is an offensive, unnecessary (Michiko Kakutani, NYT)

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## **World Stock Markets** Via Agence France Presse Closing prices in local currencies, Nov. 3

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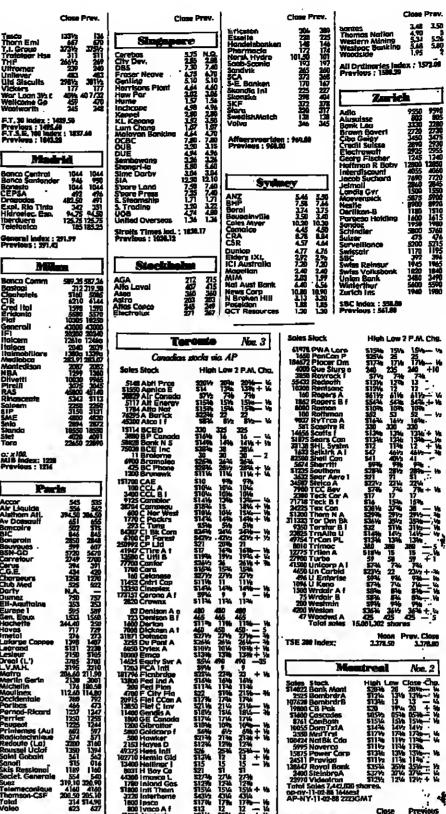
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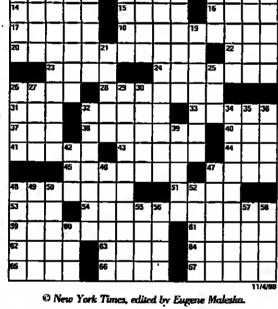
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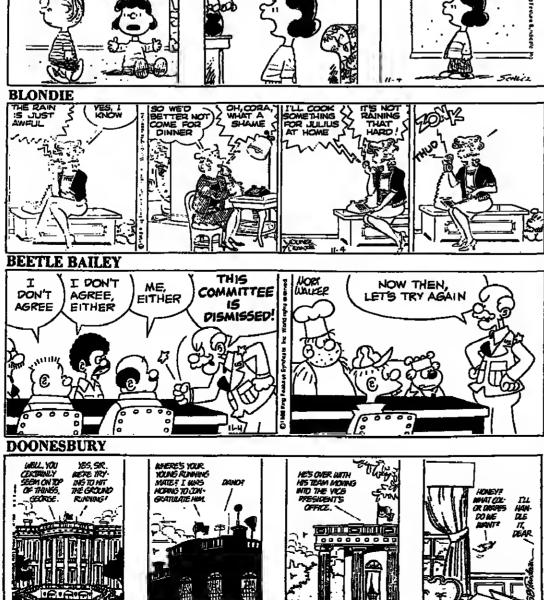


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by Henn Arnold and Bob Lee **FOREY** NADAP YULIBS HOW THE SPONGE THEIR WORK. BELMAG

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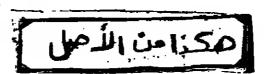
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# **SPORTS**

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Washington Post Service

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Thesday, the NCAA basketball champion; Kansas, was popped for three years for its overly generous courting of a potential transfer.

Cheating is so routine, so numbing in its regularity, that most sports fans shing off new illustrations as part and nercel of the games themselves. Only occasionally does a case come along that is outrageous enough to jangle even those beaumbed nerves. Such an example of deceit recently hit the front page of The Washington Post, a story about tone one Montgomery County, Marysee the potential for injury when physically more mature 14-year-olds compete
ages of some of its players (IHT, Nov. with 12-year-olds of the same weight.

# WASHINGTION—Scandal is nothing. Has Winning Become Everything, Even at the Age of 12?

 thus gaining an unfair advantage over younger, weaker players.
 According to league officials, the ages of six to mine of the players on the Bethesda-Chevy Chase Boys Club team were falsely stated or omitted at the weigh-in in September. To ensure competitive fairness, league rules provide that 12-year-old players weigh no more than 130 pounds at the time of the weigh-in; 13-year-olds no more than 120, 14-year-olds no more than 115. You can readily see what a terrific advantage it would be for a 14-year-old to be registered as 12, so he can be heavier last "as long as I'm coordinator." than the rules allow. You also can readily

VANTAGE POINT/Tony Kornheiser

The B-CC team played four games, winning three and tying one. Fortunately, said the league coordinator, James Wiltshire, B-CC's opponents suffered "no serious injuries, thank God."
B-CC's coach, Matt Hampton, and

his assistant, Todd Hansen, have been barred from the league "indefinitely," Wiltshire said. He vowed the ban would Wiltshire was incensed. "It's an awful thing they did," he said. "They lost track of their values."

We often see winning valued so des-

perately that people cheat to achieve it. It's an old theme: people shortsightedly defining themselves by Wins and Loses. Hansen, 23, denied that the issue was winning. He said that Hampton told him the league authorized B-CC's using some overweight players after striking an agreement that B-CC would forfeit its games in return for being allowed to play even though it had 16 players, not the minimum 18. (Hampton did not return telephone calls for comment, and Wiltshire said he knew of no such arrangement.) Hansen said not every play-

er knew of the alleged forfeit arrange- cheater," After the plot was unmasked ment. "Some did, some didn't," he said, conceding, "We kept it from them,"

Hansen said, defiantly: "You can take what you want away from me, but you'll never be able to take away [from the players] the fact that they're winners." Yet, in almost the next breath, he spoke of a conversation he had with one of his players, Joe Patterson, in which Patterson was asked if he felt prouder about this season's record or the 2-5 record last year? Hansen said Patterson chose the "two victories," an indication the players didn't feel like winners this season at all; that, in fact, they felt shame.

"I don't condone cheating, and I never have," Hansen insisted. "I'm not a

the coaches apologized for using overweight, overage players.

"Because of the injury factor, and only the injury factor," Hansen said, as if the issue was orthopedic, not ethical.

Hansen, who once was president of the American University chapter of Young Americans for Freedom, maintained that his emphasis on contras "was never political, it's still not." But, he said, now he would put the patches everywhere. It's me against the world, me and my kids against the world, against lies . . 1 believe in counter-revolution in sports: [fielding a team] that might learn right from wrong, learn some character and maybe gain some-

thing. Nothing will stop me from continuing to do it. When I wake up in the morning. I'm the coach."

Is this what we want for highly impressionable teen-agers? Are these the values of fair play that sports are supposed to teach?

Somewhere along the way we got lost in the headlong pursuit of winning, of sticking our index fingers in the air and shouting that we're No. 1. It is bad enough in pro sports and in college, but now high school kids are taking ste-roids. Grade school kids are being recruited with the promise of pairs of sneakers. Soap box racers are using con-cealed motors. Kids 11, 12 and 13 are being given diuretics to make weight limits in little leagues, while others, obviously, are lying about their age to get another year of eligibility against small-

We're teaching our children to cheat.

# Samaranch **Asks Wider Drug Fight**

LAUSANNE, Switzerland -Drug use in sports is decreasing but officials need government help to own the battle against doping the president of the International Olym-pic Committee said Thursday.

Juan António Samaranch, addressing a major meeting on sports medicine, said that his group could not go it alone in trying to make all athletic contests drug free.

"""Doping is an acute problem. But it is a problem that we are starting to overcome," he said. "Our laborato-ries are using far more sophisticated methods of detection and we have the most recent equipment. "The Olympic movement is pre-

pared to fight this problem . . But we must be united with others in our fight. We need the help of the international sports federations and most importantly the help of governments. Samaranch spoke at the opening

of the 22d annual meeting of the General Association of Internafional Sports Federations, which is focusing on sports and medicine with a special emphasis on doping. In the wake of the Seoul Olympics; where world 100-meter champion Ben Johnson and two other gold medalists headed a near-record list of drug cheats, the meeting has taken on added significance.
And the association's president said the session would not shy away

From the problems of drugs.

Kim Un Yong, an IOC member. from South Korea, noted that anabolic steroids and blood doping -Two of the most important points of sports medicine — were on the agenda for discussion at the three-

day meeting. Kim also said he hoped the federations would agree at the meeting to adopt uniform programs for drug testing and punishment. He wants it modeled after an IOC proposal that would impose two-year bans for first offenses and lifetime disqualifications for two-time users

in virtually all cases.

The federations will take a stand, positively I hope, on harmonization of doping measures," he said.

The 10 athletes caught taking

drugs in Scoul was one less than the record 11 caught in Los Angeles in 1984. With more athletes competing and wider testing conducted this year, Samaranch said, the Scoul Olympics have been unfairly linked to drug use. But he acknowledged, the impact of Seoul's test results was greater than anything in the past.

"At times, it was said that the Seoul Games were the Doping Games. This is not so, "Samaranch said. "But in Scoul, some of the athletes who tested positive were winners of gold medals."

Another speaker, Dr. Moira
O'Brien of Ireland, said team doctors must stress the dangers of dop-ing to athletes and coaches. O'Briing to athletes and coaches. O'BriLalonde was to fight an oppoen, a professor of anatomy at named Ray Phillips. But, at





WRONG, RIGHT — Ferdinand and Andrea Oberniedermayer of Munich had snow halt their golf in Davos, Switzerland. But in Sydney, Nigel Mansell wore shorts Thursday as he helped Greg Norman practice for the Australian PGA. The Briton is driving in next week's Grand Prix race in Adelaide.

# Leonard-Lalonde: No Matter Who Loses the Bout, Both Win

By William Gildea

Washington Post Service LAS VEGAS - The Sugar Ray Leonard-Donny Lalonde bout shapes up as a mismatch in the ring Monday night, but is a guaranteed financial windfall for both lighters, according to the fight's promoter.

heavily favored Leonard and the httle-known Lalonde, the promoter is Leonard's lawyer, Michael Traincr. Although Lalonde clearly lacks promotional value, Trainer insisted that what will make this the best payday each fighter has ever realized is pay-per-view television.

"I've got \$20 million." Trainer said in his office trailer behind Caesars Palace Hotel, speaking of guaranteed money, "and I'm spending more time running around defending this [fight]. And I've got the money."

one, the restless Leonard once more coming out of retirement to meet a Canadian light heavyweight-super middleweight who has beaten a collection of unknowns sprinkled with a few over-the-hill veterans.

ness in the ring with Lalonde.

said that Walters had come to Ken-

tucky from Canada with Lalonde.
As for Monday night's fight,
even if Leonard-Lalonde is not the
attraction Leonard-Marvelous
Marvin Hagler was or LeonardThomas Hearns was, Leonard (34-, 24 knockouts) will receive more than the \$12-plus million he made In this peculiar meeting of the seven years ago against Hearns, Leonard's top single-fight payday,

The fight itself is an improbable

Among the opponents Lalonde (31-2, 26 knockouts) has faced, the most curious was Fred Walters, knocked out by Lalonde in the first round in Ashland, Kentucky, in August 1986. Walters was a late substitute who, witnesses to the bout say, appeared to have no busi-

Trimity College in Dublin, has a the last minute, Walters was named as a stand-in. A published report

Palace, and sponsorship money from Coors beer.

after a workout, "I never dreamed I'd make \$5 million in my life." Leonard and Lalonde can make

Trainer said he has secured his marantees from Titan Sports Inc., the distributor for pay per view, foreign television and closed-circuit outlets; a site fee from Caesars

runner Steve Jones has traded \$400

That was the price Jones paid July

it will pay off in a victory Sunday in the New York City Marathon.

for a shot at a pot of gold.

SIDELINES

have been met by cable companies and closed-circuit exhibitors." "But this is the first boxing event

designed primarily for pay per view." Trainer said. "In previous fights, closed circuit was the cake, foreign TV-the icing and pay per view the cherry on the top. Now, pay per view is the cake, foreign TV the icing and closed circuit the cherry."

Titan reportedly has contributed the biggest chunk of the \$20 million site fee is said to be about \$7.5 million to \$8 million. "This thing's a home run," Trainer said, "and the fight hasn't taken place yet." Only about half of the 15,000 stadium seats had been sold, ac-

A Titan spokesman said a poll of cable operators had shown sales About 50 million homes across

the United States have cable TV, according to Titan. Of the 50 million, 11 million to 12 million have pay-per-view capability. Leonard-Lalonde has the potential to reach is that viewers will pay to see La-10.2 million of those homes, aclonde if they don't have to leave cording to Titan.

According to Trainer and Titan, dreds of cable companies in the United States, with Titan suggesting a retail price of \$29.95 for each customer. The cable companies guarantee Titan a 50-50 split un the basis that 5 percent of their potential viewers will buy the

Thus Titan would have at least \$7.6 million in guaranteed money from pay-per-view cable operators.

cable companies have been getting 5 to 8 percent to pay to watch professional wrestling, a Titan specialty. What Trainer, Titan and the cable

companies appear to be banking on their homes. Asked about opinions that Lalonde's easy opponents have made him less of a worthy opponent for Leonard, Trainer said, "Ray boxer. "I don't know what it has to do with this fight," he added. He also denied a report that he

recently had made another offer to Hagler's advisers for a second Leonard-Hagler fight, Leonard made clear again Wednesday that The cable operators, in turn, would need to attract 2.5 percent Lalonde, but wouldn't divulge possible opponents.

MeEnroe of the United States.

to play on the new tour. followed two rounds of heated

bers on the council, said no agreement could be reached on a compromise that satisfied the players and - all run by the federation would not be affected.

ments around the dates of the Grand Siam events and Davis Cup," Moore said. "We have no wish to undermine these traditional events." Happer said that unless the playthe men's game may have "no alterpresent Grand Prix. That, he said, could mean too

players having to qualify for the Grand Slam events.

Form Own Tour ties," he said. "A current rule of the Grand Prix is that if you don't sign a commitment to play on the cir-

Men's tennis is now run by the tween tournament organizers and council, an umbrella organization with the three ATP members, three officials of the International Tennis Federation and three tournament representatives.

the governing body of men's tennis, said he did not think the players could put together a credible, alternative tournament circuit. Happer said "the tournaments will have two options. One is to run in the Grand Prix in a circuit administered by the Men's Council, The other is to be on the ATP circuit where ATP will make all the relevant decisions."

LONDON — The future of men's

tennis has been thrown into confu-

sion with the players' union, the As-

sociation of Tennis Professionals.

having broken from the governing body to form another international circuit starting Jan. 1, 1990.

Thursday, the war of words be-

the world's leading players contin-

ued. Marshall Happer 3d, adminis-

trator of the Men's Tennis Council,

Philippe Chatrier, president of the sport's ruling body, the International Tennis Federation, in his first comment on the players' revolt, said that "it is by no means certain that the ATP would gain the support of

the major tournaments." He said North American and European tournament directors would meet Nov. 11-12 to discuss the crisis, then would report back to the full council next month.

Directors of the leading townsments - including Wimbledon, the U.S., French and Australian

opens, which make up the Grand Slam — are to meet at the Masters Tournament in New York next month to discuss the simation.

Ray Moore, a founding member of the union, said Wednesday night that "the ATP tour is now a fait accompli." The tour will go ahead in 1990 and we shall publish a calendar before the end of the year." Moore said the ATP already had

attracted 21 of the world's top playfought a bunch of those, 100," con- ers to the new tour and computer tending that hand-picked foes were ranking list, among them the No. 1part of "the development" of a ranked Mats Wilander and Wimbledon champion Stefan Edberg, both of Sweden; two-time Wimbledon champion Boris Becker of West Germany, Pat Cash of Australia and Tim Mayotte and John

> Ivan Lendl, an ATP statement said, had signed a "letter of intent" The hreakaway late Wednesday

talks within the council.

Moore, one of three ATP memcould secure a unified future for the men's game. He stressed that the four Grand Slam tournaments, the Davis Cup and the Olympic Games

"We shall schedule our tourna-

cuit, the only way to otherwise play is through qualifying, or one of the special wild card. These are things the council are going to have to consider."

The players have been lobbying

for a greater say in running the game, a demand that surfaced publicly at the U.S. Open in September. Among their requests were more freedom of choice as to when and

where they play, better marketing of the sport, a pooling of television rights from the Grand Slam events, more prize money and an eightweek break at the end of the year. Since the U.S. Open, Moore said, the players had tried to discuss their grievances with the council

but had been met with "the age-old problem of too little, too late. Happer said the council had volunteered to increase the players' role in the decision-making body from one third to 50 percent, but that "they turned it down."

# Rain Forecast For Cup Races

New York Times Service

LOUISVILLE, Kentucky -Seventy-nine thoroughbreds were entered Wednesday for the seven Breeders' Cup races at Churchill Downs on Saturday, when rain might muddy what otherwise looks like the strongest races since the scries began in 1984.

The seven races offer total purses of \$10 million and should decide nearly all the sport's championships. But weathermen said it was a cinch there will be rain in the area beginning Friday and some of the higgest names in the entries would be most affected by a wet track.

Alysheba, 6-5 on the morning line to win the \$3 million Breeders Cup Classic, ran his worst race in his only start on a sloppy track. A defeat Saturday would cost him both the horse of the year title and the record, now held by John Henry, as the richest horse ever to race.

Rain might also skew the afternoon's second-richest race, the \$2 million Turf on the grass. The 5-2 morning-line favorite, Sunshine Forever, has handled vielding courses before but any significant softening of the turf would vastly improve the chances of the seven European imports in the field of 12, especially Indian Skimmer.

Alysheba and Sunshine Forever are two of the six strong favorites Saturday. The others are Personal ers changed their minds and agreed Ensign, the undefeated 4-year-old to share power, the ruling body of filly, in the \$1 million Distaff; Miesque, the French-based filly who will native" but to continue to run the bid for a repeat victory in the \$1 million Mile; Easy Goer, the sensational 2-year-old, in the \$1 million Juvenile, and a five-horse D. Wayne Lukas entry that may overwhelm the \$1 million Juvenile Fillies.

# **SCOREBOARD**

# TRANSITION

BASEBALL Agentam League
OETROITS—Agreed to terms with Luis Salazar, Infletter, on one-year controct.
All NNESOTA—Bought controcts of Park
Pittmen, Jimmy Williams and Alike Dyer,
Pittmers: Dergit, Parks, catcher, and Rafoel
The Later Addition.

Benedici. cotcher, as one-year contract.

BASKETBALL

Netigend, Bosketball: Association

ATLANTA-Waived Aritimy Toylor,

NEW JERSEY—Acadina Joe Barry Corroll, center, and Lester Coaper, point, from
Houston for Frank Johnson and Larenzo Remor, suards; Tony Brown; guard-forward,
and Tim McCarmick, center.

BOXING
WRG—Systected Jose Sulaiman to four-

Method Hackey Leason
Method Hackey Leason
Method Dovid Show, New York
Ronsers defonsions, 12 games for slashing.
BOSTON—Signed Robert Cimetra, left

words, to Southow,

SOCCER

### HOCKEY

ms Ofvision 6 2 3 6 6 2 CAMPBBLL CONFERENCE

Smythe Division Los Angeles January (5), Brickley (4), Crowder 2)4), Nee

by 2 (7), Wesley (4); Morols 2 (0). Shots on yeal: Basion )on Wregeel ) 9-10-13—32; Toron-to (on Lemelin) 15-48—27. Ludwig (1), Walter (S), Richer (e), Smith (7), Carbonneou (1); Nichalis (12), Taylor (6). Crossmon (2), Shots on goal: Los Anseles )on Roy) 8-8-5-21: Montreal (on Healy) 4-8-15-27. Buffalo N.Y. Rengers Cretohton 3 (3), Sheppord 16), Porker (2),

Crephison 3 (3), Shepbart Jah, Forsan Val.
Torspan (4): Patrick Jah, Olonna 13), Mullen
L5), Letteur (4), Shehs on good: New York (on
Puppa, Barresse) 15-13-15—41; Buttala )on
Frosse) 11-14-6—31.

Zamessten 1 3 1—5 Aumi (1), Massier 15), Anderson 2 (3), Cor-son (5); Postowski (5), Huli 2 (7), Hrkoc (4). Sheta on seelt: 5), Louis (en Ronford) 8-13— 307 Edmenton (on Millen) 11-11-30.

## If Jones, 33, wins in his New York sidered good. He has the fastest debut, he would get the first-place time of any of the approximate prize of \$26,385, plus a new Mcz-23,000 entrants. His 2:07:13 in the

# A's Weiss Wins AL's Rookie Award

19 to end his commitment to the outside financial benefits generally

Britain's Royal Air Force. He hopes accorded the winner of one of the

NEW YORK (UPI) - Shortstop Walt Weiss, whose fielding helped Oakland win the pennant, Wednesday was named American League Rookie of the Year, giving the Athletics the award a third straight season Following sluggers Jose Canseco (1986) and Mark McGwire (1987) Oakland became the first AL team to win three straight awards given by the Baseball Writers' Association of America since they began in 1949. The Los Angeles Dodgers, who beat the Athletics in the World Series, are only team to do better, with four straight from 1979-82.

Weiss got 17 of 28 first-place votes and 103 points. Relief pitcher Bryan

# Harvey of the California Angels was second with three first-place votes and 49 points; shortstop Jody Reed of the Boston Red Sox was third with six first-place votes and 48 points.

Ditka Said to Be Stable, and Ornery LAKE FOREST, Illinois (AP) — Doctors said the next several days would determine how soon Mike Ditka can resume coaching the Chicago

Bears of the NFL after suffering a mild heart attack. "Barring anything unforeseen, we expect him to recover nicely," said cardiologist Jay Alexander. Ditka's condition remained unchanged from Wednesday, serious but stable, and his wife, Diana, said, "He's doing fantastic." Then she added, "He's too ornery."

### For the Record

The University of Cincinnati's football and basketball teams were barred Thursday by the NCAA from postseason competition this year and the school put on three years' probation for rules violations. (UPI) Chile was indefinitely banned by FIFA from international soccer competition for not paying compensation to the Atlas club of Guadalajara, Mexico, for player Ivo Bassey.

Brian Mitches of South Africa won a manimous 12-round decision Wednesday night in London against Jim McDonnell of Britain and retained his World Boxing Association junior lightweight title. (AP) Trainer Roger Stein was banned from running horses at the Santa Anita track in California because "a large amount" of cocaine was found in a test on his Emperor's Turn, a second-place finisher Oct. 23. (AP) The Detroit Grand Prix was taken off the 1989 Formula I calendar it could not meet safety standards. FISA announced Thursday. The Soviet Union avenged its loss in the Olympic gold medal volleyball

game by beating the United States, 11-15, 15-7, 10-15, 15-12, 15-12, in Thursday's championship of the Japan Cup. (AP)

had reached the rank of corporal.

## tion to the RAF. Jones said. **ESCORTS & GUIDES**

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# **NHL Standings** DeLing, outfielder, from Portland, Pacific Coast League, TORONTO—Assigned Most Stark, catcher, utright to Syrrocuse. International League. Noticed League with Bruce

plyred fiel. NEW JERSEY—Acquired Joe Borry Cor-

wing. To three-year contract:
CHICAGO—Recarded Steve Ludzik, center, and Bridg Noonge and Jori Yorkki, forwards. from Sociacus, international Mackey League Sent Wayne Presiev and Glen Cochrone, for POINT PARK—Sold it will field men's soc-cer learn bestreine resot kelf: JAMES MADISON—Kelfs McMillon.

uard, autt baskelbalt team.

WORLD CUP QUALIFYING

according to Trainer. neighborhood of \$5 million," ac-cording to Trainer. Said Lalonde

> their financial killings even with empty seats in closed-circuit arenas and at the fight itself - because of pay per view.

cording to a Caesars spokesman.

were ahead of projections, while foreign TV sales had hit \$2.5 million. The spokesman, Mike Weber, said Titan stands no chance of losing money because "our guarantees of their customers to cover their

world's most prestigious marathons. His chance of winning are con-

breaking the course record or run-ning under 2 hours, 13 minutes. In in Chicago in 2:08:05, then the addition, he would be in line for the world best. In 1985, he won the

Wales' Jones Has Wagered He Can Win N.Y. Marathon cedes-Benz. And, he could earn bo- 1985 Chicago Marathon was then

> Since, his times have fallen off, which he blames on "loss of motivation" stemming from injuries and illnesses. The constant physical problems been working 40 hours a week as an aircraft technician — when he was not given time off for racing - and

London Marathon in 2:08:16.

The Associated Press cedes-Benz. And, he could earn boNEW YORK — Welsh distance muses for setting a world-hest, the second-fastest in history, and it months ago, Jones said, his running career has picked up. He finished second, in 1:01:58, in a half-marathon at Newcastle. En-

gland, on July 24; won the Philadel-

phia Half-Marathon in 1:02:18 on

Sept. 18 and last month won a 10-kilometer race in 28:04, breaking the course record by 13 seconds. "The two fast half-marathons tell helped convince him to part, after me Γm in as good shape as in 1984 and 1985, Jones said. My training has gone very well the last six

months. I've averaged 90 or 95 miles a week, more than I've ever done. "It's given me the confidence to attack the course Sunday." The \$400 agreement covered the 7½ years remaining on his obliga-If be does, the \$400 gamble will

have been well wagered

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### **OBSERVER**

# **Election Pre-Mortem**

By Russell Baker

TEW YORK - The election New 10kh - 11k interesting language problems. For example, we now need a word or words for a president who is elected before the election, as happened to Whatchamacallit Bush this year.

As you see, "Whatchamacallit" is unsatisfactory on several counts: too long, too slangy and sounds

After being elected on Election Day, of course, he will be President-elect Bush. Having been elected by our poll-besotted media four weeks before Election Day, however, he is not yet entitled to he "President-elect," yet he deserves an honorific worthy of his station. The obvious solution — calling

him "President-poll-elect Bush" is so awkward on the tongue and trying on the ear that even "Whatnacallit" seems preferable. "Polled-President Bush" sounds better, but won't quite do, either, It's too suggestive of "polled" cattle, which are cattle without horns.

It is considered disrespectful to mention our politicians in the same phrase with cattle, even though a favorite political habitat is the feed trough where the Pentagon slops the Congress with gravy.

This is a difficult language problem and not likely to be solved soon, except by tin-eared pedants who are content to settle for clunkers like "Premature President

Which brings us to an easier problem created by premature non-President Dukakis. For three or four weeks now, I have been listening to political experts who infest TV discussion shows, and they are constantly chiding each other for conducting "post-mor-

tems" on the Dukakis campaign. Expert ladies and expert gentlemen, please: English, which is un-der Latin's tyrannical power in this matter, makes it absolutely impossible to conduct a post-mortem on persons, places or things that have not yet experienced mortem.

What you are constantly engaging in, experts of both sexes, are not post-mortems on the Dukakis campaign, but pre-mortems.

Speaking of experiencing mor-tem, let's look at "the negatives." Life is full of what may justly, without insult to the mother tongue, be called "negative" conditions. The list is long and miserable. For instance: the post-mortem state, the demi-mortem state, torture, hun-

ger, homelessness, poverty. When Bush's planners decide to batter Dukakis with "the negatives," however, they are not threatening to subject him to anything so trying as the above condi-tions. All they mean is that they intend to "smear" him by telling people he is a card carrier, is soft on apist-killers, and so forth.

So with Democrats putting the boot into Bush by telling people he is a "wimp," is soft on drug-king Noriega, and so forth. This is simple, old-fashioned dirty pool, and letting political technocrats get away with perfuming it under a namby-pamby word like "nega-tives" shows how easily we can be led around by these swine.

Yes, my friends, "swine" is a hard word to apply to these games players, and I use it here by design to illustrate the punch the language can deliver when we dare to sto the pussyfooting and the mush mouthing and call a smear a smear, dirty pool dirty pool, and candi-dates' handlers "swine."

Note that all these terms smear, swine, dirty pool - are as short and direct as a jab in the ribs. Negatives," by contrast, is a whiny, oily, aneaky, deceptive word, posing as the soul of uptown refinement and civilized polysyllabic politesse, while sheltering the gangs of smear artists, dirty pool-sters and swine behind its elegant Latinate facade.

"Negatives" is not even a decent God-fearing noun, but one of the language's lowest forms of life; an adjective masquerading as a noun to make itself into a cuphemism for deceiving the people.

The problem here is how to get people aroused against the mean-ingless, deadening and deceptive English that has become the language of American politics. The problem is to get enough people sufficiently angered about the cot-ton wool that constitutes most of our political discourse to make our politicians speak English.

Harry Truman used plain English very effectively to dispose of a similar complaint about his 1948 give-'em-hell campaign. "I don't give 'em hell," he said. "I just tell the truth about them, and they think it's hell.'

New York Times Service

# The Graying of Leonard Cohen

Suzanne takes you down To her place by the river You can hear the boats go by You can stay the night beside her. Leonard Cohen

By Richard Harrington

Washington Past Service
N EW YORK — Leonard Cohen, once
described by Rolling Stone as "the
poet laureate of outrage and romantic despair . . . the aficionado of gloom," is sipping screnely at his tea in a New York

"You go in and out of affection for old material." Cohen is saying of his most famous song, "and you'd like to he loved for things you're doing now. But it has a real place in my so-called career and people do want to hear it. It can stand up.

Twenty-one years after Judy Collins's version of "Suzanne" made Cohen a semihousehold name, he's still the eminence grise of art song, his legacy evident not only in his own work, but in the folk confessions of Suzanne Vega and the angst-rock of the Smiths and the Cure.

Cohen, now 53, tends to gray, from the swept-back waves of his hair and his elegant suits ("Miami Vice" once cast him as an Interpol agent) to the somber sonority of his gravelly, world-weary voice. His manner is cool and elegant, belitting a man who's published as many books as he's made records (10 of each). Next year will bring a new collection of Cohen's poems, dating back to "Let Us Compare Mythologies," published in 1956 when he was still an undergraduate at McGill University.

At once the wandering minstrel and the centered citizen, Cohen has homes in Montreal. Los Angeles and Paris, where his former companion raises his two teen-age children. One month every year is spent in a Zen monastery in New Mexico (he's been meditating for 20 years).

Cohen's latest album, "I'm Your Man," has attracted the usual accolades, and, in Europe at least, has achieved some commercial success: It sold 500,000 copies there in the first five months of release and was No. 1 in Norway for 17 weeks. There's an annual Leonard Cohen Festival in Krakow. Poland, and he remains a concert draw on a continent where commercial success is one yardstick, but not the only

In North America - his native Canada and adopted states, mostly New York and California - the numbers are more modest; Leonard Cohen remains a critic's pet and a cult artist, with minuscule sales. His widest popularity came in the early '70s, particularly with his somber soundtrack for Robert Altman's "McCabe and Mrs. Miller." He's still with CBS, but "I'm Your Man" was his first album for the label in with small independents.

Which made for a certain irony when CBS gave Cohen its Crystal Globe Award for sales of 5 million albums - outside the United States. At the ceremony, Cohen looked calmly at the CBS troops and said, Over the years I've been deeply touched by the modesty of your interest in my work." And when "I'm Not Your Man" came out, he sent a letter to each member of the promotional staff, enclosing two very wrinkled dollar bills and asking them to make calls on the album's behalf. Even

'I feel like there is a swarm of bees buzzing around in my head, and I'm trying to move with a certain balance from one

moment to another.

some of the CBS folks sent the money "They're very scrupulous spirits,"

though the date of the letter was April 1,

chuckles Cohen. It's two decades now since "Songs of

Leonard Cohen" appeared and established him as the champion of griseous despair. If his ashen, artful lyrics exhibited an uncommon flair for poetic detail, it was because writing was Cohen's first calling, not mu-sic. By 1967, he'd already published four poetry collections (including "The Spice-Box of Earth" and "Flowers for Hitler") and two novels, in 1963 "The Favorite age in Montreal) and in 1966 the confes-sional "Beautiful Losers."

He might have been the bright hope of Canadian literature, but for all the books to his credit, he couldn't get credit at a five and dime. "I had been living in Greece during the folk renaissance in the early and mid-'60s so I was unaware of it. I had published my second novel but it became clear to me I couldn't make a living as a writer: even though I'd received glorious reviews, I couldn't sell any books.

"So I decided I would become a singer. I played guitar and I'd already written songs, so I thought I'd go down to Nashville, make a country album and rescue myself. On the way down from Montreal, I stopped in New York and became aware that there was something going on here. And while I was staying at the Chelsea Hotel, I met Judy Collins. I sort of got

nine years; its two predecessors were done ambushed in New York City and felt a with small independents.

ambushed in New York City and felt a great kinship with many of the singers who were around at the time, so I kept going between Montreal and New York."

> In fact, Cohen was back in Montreal when he finished a song he thought Collins might like. He called her in New York, sang "Suzanne" over the phone, and Collins immediately decided to record it.

"Suzanne" became one of the most wellknown ballads of the '60s. "On the basis of that recording I was able to establish some credentials in the racket," Cohen says. John Hammond, who had already signed Bob Dylan and would later sign Bruce Springsteen to CBS, "invited me up for hunch." A contract soon followed and at age 33, Cohen made his first record.

"People once said I had all the musicality of a cement mixer," Cohen grumbles. When singer Jennifer Warnes recorded her Cohen songbook, "Famous Blue Raincoat" (a critical favorite in 1986 that spurred new interest in Cohen's career). "it was amusing for me to see that in almost every review of her album - and they were generally extravagantly positive — every-one went out of their way to point out that 'at last we have versions of these songs that we can listen to."

Was his pride hurt?

"Not deeply." Cohen eventually made it down to Nashville for two albums that reflected his first musical excursions as a collegiate guitarist in a country band called the Buckskin Boys. Before that he'd been deeply moved by the music he heard in Montreal's synagogues. "The thing I like about cantorial music and protest music of the early '60s was that there seemed to be a sacramental relationship between the singer and the audience. They gathered in the name of

His own songs often straddled the spiritual and the politically personal, prayers for a new age. Like many poets and certain songwriters, Cohen seemed to suggest that the oldest human instinct is to love, to be needed; to depend on others; that in a world in which traditional values are continually skewed, nothing else of value remains. "They are leaning out for love and they will lean that way forever," goes the line from "Suzanne.

something and I suppose I prefer that kind

For Cohen, the heart has always been both the center of a storm of doubts, insecurities and longings and the very shelter from that storm. In his recent work, familiar themes of personal despair and release have expanded with the universal wrapping around the personal.

"I feel like there is a swarm of bees buzzing around in my head, and I'm trying



Cohen: His sales are better in Europe.

to move with a certain balance from one moment to another," he says. "I know that a lot of my friends are in trouble. A lot of my friends are on medication. The term clinical depression finds its way into too many conversations these days. One has a sense that a catastrophe has occurred in the psychic landscape and in the physical landscape. But I've been speaking like this a long time."

He cites a 10-year-old lyric whose commentary seems prophetic in its anticipation of everything from spiritual corruption and social betrayal to the greenhouse effect and

Too early for the rainbow, too early for the

These are the final days, this is the darkness, this is the flood . . .

That rap, which was discounted as part of my religious obsession, seems to have become at least a possibility," he says. "So then the question becomes, what is the appropriate behavior for a man or a womin the midst of this, where each person is clinging to his piece of debris? What is the proper salutation between people as they pass each other in this flood? Those are the things that concern me in my work today."

# PEOPLE Koo Stark Wins Suit Against British Weekly

Kathleen (Koo) Stark, 32, the actress who had a much-publicized relationship with Prince Andrew, was awarded £300,000 (\$525,000) in damages following a libel action against The Sunday People. The newspaper, owned by the British publisher Robert Maxwell, had alleged that she had an affair with the prince after her marriage to Timothy Jefferies.

No one has offered the \$2.8 mil lion asking price for the Las Vega home of the late Liberace, so it will: be sold Dec. 10 at an auction.

An anonymous buyer paid a record \$1.05 million for an Australian painting by Ropert Burny, ti-tled "Une Nuit de Canicule" (Hot Summer Night), done in 1910. The previous record was \$700,000 paid for Sir Arthur Ernest Streeton's "Settlers Camp."

The Duchess of York returned to London with a toy koala for Princess Beatrice, who was in the care of a nanny while the duchess was in Australia with her husband, Prince Andrew, for six weeks. The couple met in mid-September for a 10-day tour to help celebrate Australia's bicentennial. When Andrew returned to his Royal Navy ship, the duchess extended her stay. British tabloids criticized her for spending so much time away from Beatrice.

75

Katarina Witt, 22, East Germany's Olympic gold medalist in fig-ure skating, made her professional debut in the U.S.-owned Holiday on Ice show in Zurich. The nineweek tour will also play in Vienna, Stockholm and two West German cities, Dortmund and Munich. Show officials confirmed that Witt will get the highest fee ever paid, but said the 7 million East German marks (\$3.8 million at the official rate) cited by East German sources is exaggerated.

Smokey Robinson has received the American Society of Composers. Authors and Publishers Founders Award for his singing and songwriting career.

Jesus López-Cobos, 48, has resigned, effective Jan. 30, as musical director of the Spanish National Orchestra, citing differences with

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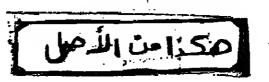
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